

**445<sup>th</sup> meeting of the Accounts Commission for Scotland**  
**Thursday 12 April 2018, 10.15am**  
**in the offices of Audit Scotland, 102 West Port, Edinburgh**

**Agenda**

1. **Apologies for absence.**
2. **Declarations of interest.**
3. **Decisions on taking business in private:** The Commission will consider whether to take items 12 to 14 in private.
4. **Minutes of meeting of 8 March 2018.**
5. **Audit Scotland Board update:** The Commission will consider a verbal report by the Chair and Secretary to the Commission.
6. **Update report by the Secretary to the Accounts Commission:** The Commission will consider a report by the Secretary to the Commission.
7. **Update report by the Controller of Audit:** The Commission will consider a verbal report by the Controller of Audit.
8. **Local Government Benchmarking Framework:** The Commission will consider a report by the Secretary to the Commission.
9. **National Scrutiny Plan:** The Commission will consider a report by the Director of Performance Audit and Best Value.
10. **How councils work:** The Commission will consider a report by the Director of Performance Audit and Best Value.
11. **Revised form of independent auditor's reports:** The Commission will consider a report by the Assistant Director of Appointments and Assurance Team.

**The following items are proposed to be considered in private:**

12. **Audit Scotland strategic planning update:** The Commission will consider a report by the Chief Operating Officer, Audit Scotland.
13. **Performance audit: draft report - councils' use of arms-length external organisations:** The Commission will consider a report by the Director of Performance Audit and Best Value.
14. **Commission business matters:** The Commission will discuss matters of interest.

\* It is proposed that items 12 to 14 be considered in private because:

- Item 12 is a discussion on matters relating to the Commission's relationship with Audit Scotland, which may involve confidential issues which the Commission would wish to consider in private.
- Item 13 proposes a draft audit report which the Commission is to consider in private before publishing.
- Item 14 may be required if there are any confidential matters that require to be discussed outwith the public domain. The Chair will inform the meeting in public at the start of the meeting if this item is required and what it covers.

The following papers are enclosed for this meeting:

<b>Agenda Item</b>	<b>Paper number</b>
<b>Agenda item 4:</b> Minutes of meeting of 8 March 2018	AC.2018.4.1
<b>Agenda item 5:</b> Report by Secretary to the Commission	AC.2018.4.2
<b>Agenda item 6:</b> Report by Secretary to the Commission	AC.2018.4.3
<b>Agenda item 8:</b> Report by Secretary to the Commission	AC.2018.4.4
<b>Agenda item 9:</b> Report by Director of Performance Audit and Best Value	AC.2018.4.5
<b>Agenda item 10:</b> Report by Director of Performance Audit and Best Value	AC.2018.4.6
<b>Agenda item 11:</b> Report by Assistant Director, Appointments and Assurance Team	AC.2018.4.7
<b>Agenda item 12:</b> Report by Chief Operating Officer, Audit Scotland	AC.2018.4.8
<b>Agenda item 13:</b> Report by Director of Performance Audit and Best Value	AC.2018.4.9

MEETING: 12 APRIL 2018

MINUTES OF PREVIOUS MEETING

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Minutes of the 444<sup>th</sup> meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday 8 March 2018, at 10.15am

PRESENT: Graham Sharp (Chair)  
Sandy Cumming  
Sophie Flemig  
Ronnie Hinds  
Tim McKay  
Christine May  
Stephen Moore  
Pauline Weetman  
Geraldine Wooley

IN ATTENDANCE: Paul Reilly, Secretary to the Commission  
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)  
Nick Bennett, Partner, Scott-Moncrieff [Item 12 and 14]  
Carol Calder, Senior Manager, PABV [Item 16]  
Bruce Crosbie, Senior Audit Manager, Audit Services Group (ASG) [Item 13 and 15]  
Mark MacPherson, Senior Manager, PABV [Item 12 and 14]  
Ashleigh Madjitey, Auditor, PABV [Item 16]  
Ronnie Nicol, Assistant Director, PABV [Item 16]  
Neil O'Connor, Senior Auditor, ASG [Item 13 and 15]  
Mark Taylor, Assistant Director, ASG [Item 11]  
Sally Thompson, Audit Manager, PABV [Item 16]  
Rikki Young, Business Manager, PABV [Item 9]

Item No    Subject

1. Apologies for absence
2. Declarations of interest
3. Decisions on taking business in private
4. Minutes of meeting of 8 February 2018
5. Minutes of meeting of Financial Audit and Assurance Committee of 22 February 2018
6. Minutes of meeting of Performance Audit Committee of 22 February 2018
7. Update report by the Secretary to the Accounts Commission
8. Update report by the Controller of Audit
9. Work programme: consultation outputs
10. Local Government Benchmarking Framework: National Benchmarking Overview Report 2016/17
11. Briefing: the changing Social Security landscape
12. Statutory report: City of Edinburgh Council
13. Statutory report: Dundee City Council
14. Statutory report: City of Edinburgh Council
15. Statutory report: Dundee City Council
16. Overview of local government in Scotland: draft report
17. Commission business matters

## Christine May

The Chair advised during the meeting that this would be the last meeting attended by Christine May, whose period of appointment would end on 31 March. The Chair thanked Christine on behalf of the Commission for her input and commitment over her appointment, and wished her well for the future.

### 1. Apologies for absence

It was noted that apologies for absence had been received from Alan Campbell and Sheila Gunn.

### 2. Declarations of interest

The following declarations of interest were made:

- Sophie Flemig, in item 12, since a close family member was involved in the building of Edinburgh schools, and as a resident of the City of Edinburgh.
- Ronnie Hinds, in item 10, as a former chair of the project board of the Local Government Benchmarking Framework.
- Tim McKay, as a former member of City of Edinburgh Council.
- Christine May, in item 16, as a former chair of Fife Cultural Trust, in relation to references to arm's-length external organisations.
- Pauline Weetman, in item 12, as a resident of the City of Edinburgh.
- Geraldine Wooley:
  - in item 7, as a member of the Fife Valuation Appeal Committee, in relation to references to non-domestic and business rates
  - in item 11, since a close family member is an adviser to the Scottish Government on social security matters.

### 3. Decisions on taking business in private

It was agreed that the following items be taken in private:

- Items 14 and 15 require the Commission to consider actions in relation to a report by the Controller of Audit. The Commission is then obliged by statute to inform the council in question of its decision, which the Commission does before making the decision public.
- Item 15 proposes a draft report, which the Commission is to consider and consult appropriately with stakeholders if necessary before publishing.

No business was notified by members for item 16 and thus the Chair advised that the item would not require discussion.

### 4. Minutes of meeting of 8 February 2018

The Commission approved as a correct record the minutes of the meeting of 8 February 2018.

Arising therefrom, in relation to paragraph 7, fourth bullet point, and in response to a query from Tim McKay, the Commission noted advice from the Controller of Audit that he would provide in early course further information to the Commission on the General Data Protection Regulation.

*Action: Controller of Audit*

5. Minutes of meeting of Financial Audit and Assurance Committee of 22 February 2018

The Commission approved as a correct record the minutes of the meeting of 22 February.

Arising therefrom, the Commission noted advice from Pauline Weetman:

- That, in relation to item 5, Commission members would at the forthcoming Commission Strategy Seminar on 13-14 March be considering points raised by external auditors at recent meetings of the Committee on their experiences of the audit.
- That, in relation to item 6, she was keen to ensure that the report on intelligence considered regularly by the Committee features in the Commission's reporting of its assurance on the quality of audit.

*Action: Secretary*

6. Minutes of meeting of Performance Audit Committee of 22 February 2018

The Commission approved as a correct record the minutes of the meeting of 22 February.

7. Update report by the Secretary to the Accounts Commission

The Commission considered a report by the Secretary to the Commission providing an update on significant recent activity relating to local government and issues of relevance or interest across the wider public sector.

During discussion, the Commission:

- Noted advice from the Secretary that:
  - Shetland Islands Council had announced on 28 February the appointment of a new Chief Executive, Maggie Sandison.
  - The National Audit Office had published on 8 March its report *Financial sustainability of local authorities 2018*, which he would circulate to members for use at the forthcoming Strategy Seminar.
- Agreed, in relation to a query from Christine May, that further information be provided on the Scottish Government's proposals for the future of the Forestry Commission.

*Action: Director of PABV*

- In relation to paragraph 24, in response to a query from Stephen Moore, noted advice from the Director of PABV that the Strategic Scrutiny Group was considering collaborative work amongst partners on homelessness,, upon which he would report further.
- In relation to paragraph 20, in response to a query from Tim McKay, agreed that further information be provided on the public sector pay rises agreed as part of the Scottish Government budget.

*Action: Secretary and Director of PABV*

Following discussion, the Commission noted the report.

8. Update report by the Controller of Audit

The Controller of Audit provided a verbal update on his recent activity including meetings and discussions with stakeholders.

Following discussion, the Commission noted the update.

## 9. Work programme: consultation outputs

The Commission considered a report by the Secretary to the Commission setting out the responses to the recent consultation on the refreshed Accounts Commission work programme (2017/18 – 2021/22) and seeking approval of the work programme.

During discussion, the Commission agreed:

- To note advice from the Secretary that two additional responses had been received, from the chief executives of Orkney Islands and South Lanarkshire councils, which he would make available to members.
- In relation to paragraph 26, in response to a query from Stephen Moore, agreed that the Commission be kept updated on further dialogue with COSLA around its expectations of the Improvement Service.
- To note advice from the Director of PABV that cyber security, in addition to being considered in the context of the scope for the proposed performance audit on digital progress in local government, is also being considered by the Strategic Scrutiny Group as part of its programme of work.
- That the Director of PABV provide a more detailed schedule of outputs from programme development activity (as set out in Appendix 3 of the report).

*Action: Director of PABV*

Following discussion, the Commission agreed:

- The proposed reordering of performance audits and related work (as set out in paragraph 8 of the report)
- To refer specific feedback on ongoing work to appropriate audit teams, policy cluster teams and the Strategic Scrutiny Group as appropriate.
- To specifically consider the following proposals for new areas of performance audit work as part of the work programme refresh proposals 2019/20 in December 2018:
  - Commercialism / entrepreneurship
  - Climate change and energy
  - Cyber security
- To agree to the scheduling of a report in its *How Councils Work* series in 2018/19, with further consideration to be given to an appropriate subject in this regard.
- To this end, that the Director report in early course on proposals.
- To defer proposed scheduling of a *How Councils Work* report in 2019/20 until the Commission considers the refresh of the work programme for 2019/20.
- To approve its programme of work subject to the revisions agreed as a result of the consultation and subject to liaison with the Auditor General for Scotland in relation to any joint audit work.
- To endorse the proposed publication and communication arrangements.
- To consider how it engages with stakeholders on its work programme at its forthcoming Strategy Seminar.

*Actions: Secretary & Director of PABV*

10. Local Government Benchmarking Framework: National Benchmarking Overview Report 2016/17

The Commission considered a report by the Secretary presenting for information the Local Government Benchmarking Framework (LGBF) National Benchmarking Overview Report 2016/17 and advising the Commission of the next stages of its dialogue with the LGBF Board.

During discussion, the Commission agreed to:

- Note the National Benchmarking Overview Report 2016/17.
- Note that a discussion with the Chair of the LGBF Board will take place at the April meeting in relation to:
  - the progress of the project
  - councils' progress against the Commission's SPI Direction, in advance of the Commission considering a new SPI Direction in December 2018

*Action: Secretary and Director of PABV*

11. Briefing: the changing Social Security landscape

The Commission considered a report by the Assistant Director, Audit Services and PABV providing a briefing on structural changes to social security with implications for Scottish local authorities.

During discussion, the Commission:

- Noted the implications of the structural changes to social security on the audit work of the Auditor General for Scotland as set out in the joint work programme.
- Noted the outcome of Audit Scotland's review of auditors' Housing Benefit subsidy certification letters of all 32 Scottish local authorities for 2016/17.
- Noted that further consideration will be given by Audit Scotland to the implications for the Commission's audit work of local authorities' social security responsibilities, with a view to the Commission considering these implications as part of the refresh of its work programme for 2019/20.
- Agreed that such consideration include housing benefit administration and Council Tax Reduction Scheme.
- Agreed further in this regard that such consideration include the impact of the changes on individual people.
- Agreed that the Financial Audit and Assurance Committee consider in particular the implications to the financial audit.
- Agreed that future such update and briefing reports provide more detail around costs.

Following discussion, the Commission noted the report.

12. Statutory report: City of Edinburgh Council

The Commission considered a report by the Controller of Audit on a matter arising from the 2016/17 audit of City of Edinburgh Council, in relation to a large scale



closure of schools in Edinburgh following the collapse of a section of brickwork wall at Oxgangs Primary School in January 2016.

Following questions to the Controller of Audit, the Commission agreed to consider in private how to proceed.

13. Statutory report: Dundee City Council

The Commission considered a report by the Controller of Audit on a matter arising from the 2016/17 audit of Dundee City Council, in relation to a significant fraud perpetrated against the Council.

Following questions to the Controller of Audit, the Commission agreed to consider in private how to proceed

14. Statutory report: City of Edinburgh Council [in private]

The Commission discussed how to proceed in relation to the statutory report by the Controller of Audit on the City of Edinburgh Council.

Following discussion, the Commission agreed to make findings, to be published in early course.

*Action: Secretary*

15. Statutory report: Dundee City Council [in private]

The Commission discussed how to proceed in relation to the statutory report by the Controller of Audit on Dundee City Council.

Following discussion, the Commission agreed to make findings, to be published in early course.

*Action: Secretary*

16. Overview of local government in Scotland: draft report [in private]

The Commission considered a report by the Director of PABV proposing the draft local government overview report.

During discussion, the Commission agreed to:

- Approve the draft report, subject to the audit team considering points raised in discussion in conjunction with the sponsors of the report, Ronnie Hinds and Christine May.
- Approve the publication and promotion arrangements for the report.

*Actions: Director of PABV and Secretary*

17. Commission business matters and closing remarks

The Chair, having advised that there was no business for this item, closed the meeting.

MEETING: 12 APRIL 2018

REPORT BY: SECRETARY TO THE COMMISSION

AUDIT SCOTLAND BOARD UPDATE

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**Purpose**

1. This report provides an update on the business of the Audit Scotland Board.

**Background**

2. Audit Scotland is established in statute to “provide such assistance and support as the Auditor General and the Accounts Commission require in the exercise of their respective functions and, in particular, is to provide them, or ensure that they are provided, with the property, staff and services which they require for the exercise of those functions”.<sup>1</sup>
3. Audit Scotland (i.e. its Board) consists of the Auditor General, the Chair of the Commission, and three other members.<sup>2</sup> These three members, including a Chair, are appointed by the Scottish Commission for Public Audit.<sup>3</sup>
4. As well as being a member of Audit Scotland’s Board, the Commission Chair is also a member of its two committees, the Audit Committee and the Human Resources and Remuneration Committee.
5. In *Public Audit in Scotland*<sup>4</sup>, the Commission, the Auditor General and Audit Scotland set out how they together deliver public audit in Scotland. They state that “by working together and each fulfilling our distinct roles, the Auditor General, the Accounts Commission and Audit Scotland will ensure a strong system of public audit works to support transparency and promote improvement in the performance of public bodies.”
6. To this end, the Commission at its meetings considers for its interest the business of Audit Scotland Board.

**Current Board business**

7. This report provides the Commission with the latest available minutes from meetings of the Audit Scotland Board, in this case the meetings of 31 January and 28 February 2018. Disruption to Audit Scotland and Commission business in the period from 28 February to 2 March means that both minutes are being presented to the Commission in this paper. They are attached in Appendices 1 and 2 respectively.
8. The most recent meeting of the Board was on 28 March 2018, but the minute of this meeting is not yet publicly available as it is yet to be ratified by the Board. This will be

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<sup>1</sup> Public Finance and Accountability (Scotland) Act 2000, Section 10(3).

<sup>2</sup> Public Finance and Accountability (Scotland) Act 2000, Section 10(2).

<sup>3</sup> The Scottish Commission for Public Audit was established under Section 12 of the Public Finance and Accountability (Scotland) Act 2000 and is made up of 5 MSPs. Its main areas of responsibility are to (a) examine Audit Scotland’s proposals for the use of resources and expenditure and report on them to the Parliament; (b) appoint an auditor to audit the accounts of Audit Scotland; (c) lay these accounts and auditor’s report before the Parliament; and (d) appoint three of the five members of Audit Scotland’s Board , including its Chair.

<sup>4</sup> *Public Audit in Scotland*, Accounts Commission, Auditor General and Audit Scotland, May 2015.

available after the next Board meeting on 2 May 2018 and considered by the Commission thereafter.

9. The Chair will, however, provide a verbal update on any relevant business for members' interest, and invites questions from members to this end.

### **Conclusion**

10. The Commission is invited to consider this update for its interest and seek further information from the Chair as appropriate.

**Paul Reilly**  
**Secretary to the Commission**  
**4 April 2018**

# Minutes

Wednesday 31 January 2018, 10.00

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

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## Present:

I Leitch (Chair)  
C Gardner  
H Logan  
G Sharp

## Apologies:

R Griggs

## In attendance:

D McGiffen, Chief Operating Officer  
M Walker, Assistant Director, Corporate Performance and Risk  
A Clark, Assistant Director, Performance Audit and Best Value  
J Gillies, Communications Manager  
S Dennis, Corporate Finance Manager  
J Webber, Senior Executive Assistant

## 1. Welcome and apologies

Ian Leitch welcomed members and attendees to the first public meeting of the Audit Scotland Board, the agenda and papers for which had been published on Audit Scotland's website on Monday 29 January 2018.

The Chair advised members of apologies received from Russel Griggs who had confirmed he was content for business to be conducted in his absence.

## 2. Declarations of interest

There were no declarations of interest.

## 3. Decision on items to be taken in private

The members agreed that Item 16 about office accommodation would be considered in private as it contained commercially sensitive information.

## 4. Chair's report

Ian Leitch provided a verbal update on meetings with Caroline Gardner and Diane McGiffen on various business matters.

The members welcomed the update.

## 5. Accountable Officer's report

Caroline Gardner advised the Board of forthcoming business scheduled at the Public Audit and Post Legislative Scrutiny (PAPLS) Committee and on the development of the Audit and Accountability Framework between the Scottish Government and HM Treasury. She also advised members of the session at PAPLS on 11 January 2018 on the Scottish rate of income

tax with evidence provided jointly with Sir Amyas Morse of the National Audit Office, and of attendance at the Health and Social Committee.

Caroline also advised members of her recent membership of the panel recruiting the new Auditor General for Wales.

Caroline invited members to note the Audit Scotland staff conference on 18 January 2018 on which Diane McGiffen would provide an update at item 11, the overall positive results from the Best Companies survey results reported at item 10 and the graduate recruitment open evening at West Port on 24 January 2018 which had attracted over 50 interested attendees.

The Board welcomed the update.

## **6. Accounts Commission Chair's report**

Graham Sharp provided a verbal update on the recruitment campaign for up to four new Accounts Commission members.

Graham advised that the next meeting of the Accounts Commission on 8 February 2018 would consider a report on the first year of the new approach to auditing Best Value and would welcome the Annual assurance and risks report.

Graham also invited members to note the Accounts Commission annual strategy conference on 13 and 14 March 2018.

The Board welcomed the update.

## **7. Review of minutes**

### **Board meeting, 29 November 2017**

The Board considered the minutes of the Board meeting on 29 November 2017, which had been previously circulated, and agreed these as an accurate record of the meeting.

### **Audit Committee meeting, 13 September 2017**

The Board noted the minutes of the meeting of the Audit Committee on 13 September 2017, a copy of which had been agreed by Committee members as an accurate record of the meeting at their meeting on 15 November 2017.

## **8. Review of actions tracker**

The Board noted the updates provided by the action tracker and Heather Logan asked about the date for the Board development workshop in February 2018. Diane McGiffen advised that a suitable early date was being discussed and would be shared as soon as possible.

## **9. SCPA report on Audit Scotland's 2018/19 budget**

The Chair invited members to note the official record of the meeting on 21 December 2017 with the Scottish Commission for Public Audit on Audit Scotland's Budget 2018/19, a copy of which had been previously circulated and invited any comments.

The Board discussed the SCPA report and welcomed the recommendation to approve the additional resources to support audit of new financial powers. The Board welcomed the strategic engagement with the SCPA on Audit Scotland's budget.

Following discussion, the Board welcomed the report.

## 10. Best Companies survey results

Diane McGiffen introduced the report on the Best Companies survey results, a copy of which had been previously circulated.

The Board discussed the results and noted that the overall score was the highest yet achieved, and the movement on individual elements of the score.

Diane explained the scoring and ranking methodology and the plans to discuss the results with the leadership group and in business groups.

The Board recognised that the survey provided one valuable way of gaining feedback from colleagues and provided a useful reference at a point in time each year. The Board welcomed the report and thanked Audit Scotland colleagues for the outstanding response rate in the survey.

## 11. 2018 Audit Scotland staff conference update

Diane McGiffen introduced the 2018 Audit Scotland staff conference update report, which had been previously circulated.

Diane provided a verbal update on the Audit Scotland conference on 18 January 2018. Diane advised that the strategic sessions in the morning led by Dr Graeme Roy on new financial powers and Professor Tom Mullen on the impact of Brexit had been well received by colleagues, with the afternoon sessions providing insight from Jane Grant, Chief Executive of NHS Greater Glasgow and Clyde Board, and Joyce White OBE, Chief Executive of West Dunbartonshire Council, on the challenges facing public bodies. Diane invited the Board to view the comprehensive visual representation of the day.

Diane advised of the positive feedback received so far with conversations already taking place within teams on the potential impact for Audit Scotland's work and public bodies. In addition, some of the heavily subscribed breakout sessions would be run again over the next few months.

The Board discussed audit quality and reputational risk and agreed to consider this matter further once the annual quality report was presented to the Board in June 2018.

The Board also noted that the Accounts Commission would consider a review of the first year of Best Value audit and the Board would welcome the opportunity to consider the report following discussion at the Accounts Commission.

Following discussion, the Board welcomed the opportunity to bring colleagues together to consider some of the key issues affecting the public landscape. In addition, the Board agreed that they would appreciate ongoing strategic briefings on the implications of the new financial powers and Brexit on public audit.

**ASB70 Action: A discussion on audit quality and reputational risk to be scheduled following consideration of the Annual Audit Quality report. (August 2018)**

**ASB71 Action: A review of Best Value to be scheduled for the Board once it has been reported to the Accounts Commission. (May 2018)**

**ASB72 Action: Ongoing updates on the implications for public audit in light of the new financial powers and Brexit to be scheduled, as appropriate. (May 2018)**

## 12. Publications schedule: January to June 2018

*James Gillies, Communications Manager, and Antony Clark, Assistant Director, Performance Audit and Best Value, joined the meeting.*

James Gillies introduced the Publications schedule: January to June 2018 report, which had been previously circulated.

James invited the Board to consider the schedule of reports due for publication on behalf of the Auditor General for Scotland, the Accounts Commission and Audit Scotland's corporate reporting.

Heather requested copies of several of the reports scheduled for publication and a copy of the Openness and Transparency briefing paper.

Following discussion, the Board thanked James and Antony for the report.

**ASB73 Action: Antony Clark to circulate a copy of the Openness and transparency briefing paper to members. (April 2018)**

*James Gillies, Communications Manager, and Antony Clark, Assistant Director, Performance Audit and Best Value, left the meeting.*

### **13. Any other business**

There was no further business.

### **14. Review of meeting**

The members agreed the meeting had been conducted effectively and the Chair thanked everyone for their contribution.

### **15. Date of Next Meeting**

It was noted that the next Audit Scotland Board meeting was scheduled for 28 February 2018 in the offices of Audit Scotland, 102 West Port, Edinburgh.

### **16. Office accommodation**

This item contains commercially sensitive information and is recorded in a confidential minute.

# Minutes



Wednesday 28 February 2018, 10.00

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

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## **Present:**

I Leitch (Chair)  
C Gardner  
G Sharp  
H Logan (by telephone)  
R Griggs (by telephone)

## **Apologies:**

None

## **In attendance:**

D McGiffen, Chief Operating Officer  
M Walker, Assistant Director, Corporate Performance and Risk  
S Dennis, Corporate Finance Manager (by telephone)  
J Webber, Senior Executive Assistant

## **1. Welcome and apologies**

The Chair welcomed members and attendees to the meeting of the Audit Scotland Board, the agenda and papers for which had been published on Audit Scotland's website on Monday 26 February 2018. Ian Leitch advised that because of the adverse weather Heather Logan and Russel Griggs were participating by telephone, as allowed for in the Standing Orders.

## **2. Declarations of interest**

There were no declarations of interest.

## **3. Decision on items to be taken in private**

The members agreed that there were no items of business to be taken in private.

## **4. Chair's report**

Ian Leitch provided a verbal update on meetings with Diane McGiffen on general business matters.

The members welcomed the update.

## **5. Accountable Officer's report**

Caroline Gardner advised the Board that following the evidence session to the Public Audit and Post Legislative Scrutiny (PAPLS) Committee session on the development of the Audit and Accountability Framework, the Committee were seeking views from the other parliamentary committees. Caroline also advised that she and the team were due to present the Early Learning and Childcare report to PAPLS on 8 March 2018 and invited the Board to note the media coverage of this joint report with the Accounts Commission.



Caroline informed the Board that Fiona Kordiak had chaired the first meeting of the new Quality Group and that the Appointments and Assurance Team were working towards the second in-year Quality Report, together with the first annual report under the new Quality framework which will include the findings from the independent review of our work and that of the firms by ICAS.

Caroline advised the Board that she would be speaking at the CIPFA Conference Scotland on 23 March 2018 and invited them to note that Fraser McKinlay was speaking at the IMPACT 2018 Conference in Australia on 19 and 20 March 2018 on 'The future of performance audit in an increasingly devolved Scotland'. The conference brings international experts together to share insights on changing government landscapes and also provided a good opportunity for Fraser to meet with the Heads of Audit at the New South Wales Audit Office.

The Board discussed international engagement and Diane McGiffen advised Antony Clark, who leads Audit Scotland's international strategy, would be attending the first meeting at the Auditors Alliance in Paris on 26 March 2018.

Following discussion, the Board welcomed the update.

## **6. Accounts Commission Chair's report**

Graham Sharp advised the Board that the Accounts Commission approved the Annual Assurance and Risks report at their meeting on 8 February 2018 and were currently organising a series of engagement events with Councils in June 2018.

Graham advised that consultation on the work programme had concluded and the March Accounts Commission meeting would consider the proposed programme of work, the Local Government Overview report and two statutory reports on local authorities.

Graham welcomed the joint report with the Auditor General for Scotland on Early Learning and Childcare.

The Chair of the Accounts Commission advised of forthcoming meetings with the Standards Commission and Best Value meetings with Falkirk Council and Clackmannanshire Council and of the Commission's Strategy Seminar which was taking place on 13 and 14 March 2018.

The members noted the work programme would come to the Board for information once it had been approved by the Auditor General for Scotland and the Accounts Commission.

The Board welcomed the update.

## **7. Review of minutes**

The Board considered the minutes of the Board meeting on 31 January 2018, which had been previously circulated, and agreed these were an accurate record of the meeting.

## **8. Review of actions tracker**

The Board noted the updates provided by the action tracker.

## **9. Q3 Finance performance report 2017/18**

*Stuart Dennis, Corporate Finance Manager, joined the meeting by conference call.*

Stuart Dennis, Corporate Finance Manager, introduced the Q3 Financial performance report 2017/18, which had been previously circulated.

Stuart invited the Board to consider the financial results for the 9 months to December 2017.

Heather Logan noted the report was coming to the Board in advance of it being considered by the Audit Committee because of the timing of the meetings and sought and received further clarification on the presentation of income in the report, the level of staff and agency staff and

secondments in the quarter and how that compared to the annual budget, and on levels of fee income.

Stuart advised the Board on the presentation of income in the report and that the income for PABV forms part of the pooled central charges that, the increased staff costs are offset from additional audit work the fees for which are agreed with audited bodies. Stuart also advised that work was underway with the Appointments and Assurance Team to analyse where fees were above indicative levels and details of audit fees by the in-house team and audit firms forms part of our annual report and accounts which will be reported in June 2018.

Diane McGiffen and Heather Logan agreed to discuss further the refinement of quarterly reporting.

Following discussion, the Board welcomed the report.

*Stuart Dennis, Corporate Finance Manager, left the meeting*

## **10. Q3 Corporate performance report 2017/18**

Martin Walker, Assistant Director, Corporate Performance and Risk, introduced the Q3 Corporate performance report 2017/18, which had been previously circulated.

Martin invited the Board to note the strong performance of Audit Scotland's strategic objectives in the quarter and to the year to date.

Graham Sharp asked how issues arising are monitored and how emerging themes across sectors are monitored and discussed.

Martin advised the Board of the corporate review process which includes assessing data, trends and emerging issues by the Performance and Risk Management Group, review by the Assistant Director, Corporate Performance and Risk, and formal consideration by Management Team. Diane McGiffen also invited the Board to note there were additional regular updates by way of weekly correspondence updates, monthly reporting on Parliamentary engagement and media coverage and where any concerns were raised by audited bodies to the Appointments and Assurance team these are investigated and escalated as appropriate to the Auditor General for Scotland and the Controller of Audit on behalf of the Accounts Commission.

Following discussion, the Board welcomed the assurance around the review and monitoring arrangements.

## **11. Q3 Becoming world class improvement programme report 2017/18**

Martin Walker, Assistant Director, Corporate Performance and Risk, introduced the Q3 Becoming world class improvement programme report 2017/18 which had previously been circulated.

Martin invited the Board to note the overall good progress reported on each of the workstreams highlighting the budget approval from the SCPA to support the additional work on new financial powers, the external quality review work underway by ICAS, the first tranche of Career Development Gateways (CDG) which are now open for colleagues, the rolling five year work programme and parliamentary engagement.

The Board recognised the importance of balance and independence in Audit Scotland's external engagement and welcomed the initial feedback that the CDG process was going well.

Following discussion, the Board welcomed the report.

## **12. Any other business**

There was no further business.

### **13. Review of meeting**

The members recognised the constraints of some members having to join by conference call and agreed the meeting had been conducted effectively. The Chair thanked everyone for their contribution.

### **14. Date of Next Meeting**

It was noted that the next Audit Scotland Board meeting was scheduled for 10.00am on Wednesday 28 March 2018 in the offices of Audit Scotland, 102 West Port, Edinburgh

MEETING: 12 APRIL 2018

REPORT BY: SECRETARY TO THE ACCOUNTS COMMISSION

## UPDATE REPORT

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### Introduction

1. The purpose of this report is to provide a regular update to the Commission on significant recent activity relating to local government, as well as issues of relevance or interest across the wider public sector.
2. The regular Controller of Audit report to the Commission which updates the Commission on his activity complements this report. The Commission's Financial Audit and Assurance Committee also receives a more detailed update on issues relating to local government. This report also complements the weekly briefing provided by Audit Scotland's Communication Team made available on the extranet site, which provides more detailed news coverage in certain areas.
3. The information featured is also available on the Accounts Commission member portal. Hyperlinks are provided in the electronic version of this report for ease of reference.

### Commission business

#### ***Publications:***

4. On 22 March, the Accounts Commission published [2016/17 audit of Dundee City Council: Report on a significant fraud](#). The Commission found that a £1 million fraud perpetrated at Dundee City Council from 2009 to 2016 was the result of failures in fundamental controls within the council's financial systems. The report received significant media coverage, with print coverage in the majority of national titles including The Times, The Herald, The Scotsman, The National, Daily Record, as well as local media. Paul Reilly was interviewed by STV as well as Wave FM radio.
5. On 3 April, the Accounts Commission published [2016/17 audit of The City of Edinburgh Council: Report on Edinburgh schools](#). The Commission found that there were serious faults in procurement, design and construction which also then led to the large scale closure of other schools in Edinburgh. There was widespread coverage across print media, including a prominent feature in The Times. Broadcast coverage included interviews with Graham Sharp for BBC, STV and Radio Forth, and an extensive piece on BBC Radio Scotland's *Good Morning Scotland*.
6. On 5 April, the Accounts Commission published [Local Government in Scotland: Challenges and performance 2018](#). The Commission found that finding savings is now increasingly critical for councils dealing with ongoing reductions in funding. The report took the front page in The Scotsman and achieved coverage in the majority of print titles including The Daily Telegraph, The Times, The Herald, Daily Record, The Sun, and The National. Graham Sharp was interviewed by the BBC and STV, and an extensive piece on BBC Radio Scotland's *Good Morning Scotland*.
7. The download statistics (with the increase from last month) for the reports published by the Commission over the last 12 months (as at 31 March) are shown below:

Report	Date	Report downloads	Report podcasts
<a href="#">Dundee City Council: Report on significant fraud</a>	22 Mar 2018	436 (+436)	62 (+62)
<a href="#">Early learning and Childcare</a>	15 Feb 2018	1668 (+572)	101
<a href="#">Falkirk Council Best Value follow-up audit 2017</a>	1 Feb 2018	885 (+238)	42
<a href="#">Clackmannanshire Council Best Value Assurance Report</a>	25 Jan 2018	1293 (+247)	0
<a href="#">Orkney Islands Council Best Value Assurance Report</a>	14 Dec 2017	714 (+172)	0
<a href="#">Local government in Scotland: Financial overview 2017</a>	28 Nov 2017	2147 (+323)	38
<a href="#">West Lothian Council Best Value Assurance Report</a>	23 Nov 2017	878 (+104)	94
<a href="#">East Dunbartonshire Council Best Value follow-up audit 2017</a>	16 Nov 2017	466 (+50)	79
<a href="#">East Renfrewshire Council Best Value Assurance Report</a>	07 Nov 2017	1092 (+110)	158
<a href="#">Equal pay in Scottish councils</a>	7 Sep 2017	1752 (+229)	197
<a href="#">Renfrewshire Council Best Value Assurance Report</a>	31 Aug 2017	1866 (+311)	0
<a href="#">Self-directed support: 2017 progress report</a>	24 Aug 2017	3890 (+305)	78
<a href="#">Best Value Assurance Report: Inverclyde Council</a>	1 Jun 2017	1474 (+73)	307
<a href="#">Accounts Commission annual report 2016/17</a>	25 May 2017	1121 (+70)	
<a href="#">Accounts Commission strategy and annual action plan 2017-22</a>	25 May 2017	932 (+81)	
<a href="#">Accounts Commission engagement strategy and engagement plan 2017/18</a>	25 May 2017	491 (+47)	
<a href="#">Accounts Commission engagement plan 2016/17</a>	25 May 2017	247 (+39)	
<a href="#">Accounts Commission action plan 2016/17</a>	25 May 2017	240 (+42)	

**Other business:**

8. On 5 March 2018, the Commission met with representatives of Clackmannanshire Council to discuss the Best Value Assurance Report (BVAR) of the Council, published on 11 January. The Commission was represented by Graham Sharp, Ronnie Hinds and Christine May. Paul Reilly and Gordon Smail, Associate Director, Audit Services Group, Audit Scotland (the appointed auditor) were also present. The Council was represented by Councillor Les Sharp, Leader of Administration; Councillor Bill Mason, Leader of Conservative Group; Elaine McPherson, Chief Executive; Nikki Bridle, Depute Chief Executive; and Garry Dallas, Executive Director. It was noted that the Council had formally considered the findings at its meeting on 8 February and had agreed that an action plan be brought to its next meeting. This plan was approved by the Council at its meeting on 8 March.
9. At its last meeting, the Commission requested further information on the Scottish Government's proposals for the future of the Forestry Commission. On 21 March, the Scottish Parliament's Forestry and Land Management (Scotland) Bill [was passed](#) by unanimous agreement. Opposition MSPs successfully passed amendments which will require forestry to be managed by independent public agencies, rather than under a

new Government department as initially proposed by the Scottish Government.

10. At its last meeting, the Commission requested further information on the public sector pay rises agreed as part of the Scottish Government budget. The [Scottish Government public sector pay policy](#) lifts the pay cap by providing a guaranteed minimum increase of 3 per cent for public sector workers who earn £36,500 or less . This benefits just over 75 per cent of staff covered directly by the policy (i.e. not including local government), which is an increase from 50 per cent of staff.
11. At its last meeting, the Commission sought further information on the new European Union's General Data Protection Regulation (GDPR), which will come into force on 25 May 2018. Audit Scotland's preparations to ensure its compliance – along with the Commission and Auditor General - with the GDPR, as well as with the forthcoming Data Protection Act 2018 continues apace. (The Data Protection Act 2018, which addresses the requirements of GDPR and of Brexit, is currently still going through UK Parliament.) The Data Protection Policy that jointly covers Audit Scotland, the Commission and the Auditor General is being reviewed and updated and will be considered by Audit Scotland Board on 2 May and by the Commission thereafter.

### **Auditor General for Scotland**

12. On 28 March, the Auditor General published [Managing the implementation of the Scotland Acts](#). In her report, the Auditor General observed that recruiting the skilled staff needed for the Scottish Government's new financial and social security powers and responsibilities will be challenging. She also found that the Scottish Government has not clearly estimated the total cost of putting the new powers into practice or how much it will exceed the £200 million contributed by the UK government.

### **Audit Scotland**

13. On 19-20 March, Director of Performance Audit and Best Value Fraser McKinlay was a speaker at the [International Meeting of Performance Audit Critical Thinkers \(IMPACT\) 2018 conference](#) in Sydney, Australia. The conference looked at the biggest challenges facing the public sector today including: changing government landscapes, big data, automation, citizen-centred auditing and cybersecurity threats.
14. On 26 March, Assistant Director Mark Taylor and Chief Operating Officer Diane McGiffen led the Audit Scotland participation in a live streaming event focused on EU Withdrawal, hosted by the Institute for Government. Topics under discussion included progress already made and critical decisions needed.
15. On 26 March, Antony Clark and Gillian Woolman, Assistant Directors, attended the launch meeting of the [Auditors Alliance](#), which took place at the OECD Headquarters in Paris, France. The meeting included sessions for sharing internal and external audit insights and better practices.
16. On 18 April, Assistant Director Mark Taylor briefed the Local Government and Communities committee (on the invitation of the Committee) on the revised Scottish budget process, following recommendations from the Budget Process Review Group. The group carried out a fundamental review of the Scottish Parliament's budget process following the devolution of further powers in the Scotland Act 2012 and Scotland Act 2016. It published its [final report](#) and recommendations in June 2017. The new process starts from the 2019/20 budget, and the shift to a continuous approach to budget scrutiny means that Parliamentary committees are looking to understand the new process and what is expected of them. The Finance and Constitution Committee's budget guidance will shortly be issued.



17. Associate Director Claire Sweeney is leading an Audit Scotland group with an interest in women in leadership. A programme has been developed to encourage more junior members of staff, showcase how Audit Scotland works and continue to foster an open and learning working environment. This group has sought interest from women leaders in the Accounts Commission who would be interested in getting involved in sessions over the next year where they can share their experience, career, motivation, the jobs they have had, and what helped and hindered their progress.

## Issues affecting Scottish local government

### ***Scottish Government:***

18. On 28 February, the Digital Office for Scottish Local Government [announced that](#) 30 Scottish local authorities are working together to prepare for new data protection regulations, the European Union's General Data Protection Regulation.
19. On 2 March, the Scottish Government published a [review](#) of the Scottish Police Authority (SPA) executive, providing recommendations on how the SPA board can more effectively be supported by the executive. In its findings, the report acknowledges that there have been a number of significant changes to policing at a national level, and that it is timely for the SPA to refocus and refresh itself to ensure that it is operating in an effective and efficient manner.
20. On 7 March, Scotland's Chief Statistician released the latest [Council Tax Reduction estimates](#). In December 2017, Scotland's Council Tax Reduction scheme supported 483,980 households and the total weekly income foregone by local authorities was £6.4 million.
21. On 12 March, the [Convention of the Highlands and Islands](#) (CoHI) was held in Millport. The CoHI seeks to strengthen alignment between the Scottish Government and member organisations in order to support sustainable economic growth.
22. On 12 March, the Scottish Government [announced that](#) a total of 24 projects will be awarded funding totalling £26 million in 2018/19 as part of the Regeneration Capital Grant Fund (RCGF), which supports projects that engage and involve local communities in disadvantaged areas, tackle inequality and support inclusive growth.
23. On 15 March, the Scottish Government [launched](#) a procurement process for a project to address 4G mobile areas of low connectivity across Scotland.
24. On 15 March, the Scottish Government opened [a consultation](#) about the new Enterprise Agency for the South of Scotland. The agency will focus on the needs of the Scottish Borders and Dumfries and Galloway areas, driving inclusive growth, supporting communities and capitalising on people and resources. The consultation closes on 7 June. It is not proposed to respond to this consultation.
25. On 16 March, the Scottish Government published an [evaluation of the first two years of the Attainment Scotland Fund](#). The report highlighted that 78% of headteachers have seen improvements in tackling the attainment gap in literacy, numeracy and health and wellbeing as a result of the fund.
26. On 21 March, the Scottish Government published [Public sector employment in Scotland – statistics](#) for 4<sup>th</sup> Quarter 2017. It found that during this period there were 559,900 people employed in the public sector in Scotland, an increase of 1,700 since 4<sup>th</sup> Quarter 2016.
27. On 22 March, the Scottish Government published its [Poverty and Income Inequality:](#)

[2014-17](#) report. The publication presents rolling updates of the percentage and number of people, children, working-age adults and pensioners living in low income households in Scotland. This was published alongside experimental data on [Persistent Poverty in Scotland: 2010-2016](#).

28. On 22 March, the Scottish health secretary Shona Robison [confirmed](#) that the pay rise announced for NHS staff by the UK Government will be passed on to staff in Scotland. Pay discussions are now under way with NHS Scotland staff representatives and health boards.
29. On 23 March, the Scottish Government [published its](#) Carers (Scotland) Act 2016: Statutory Guidance. The guidance was co-produced with relevant stakeholders, including carers, and will be kept under review in the future.
30. On 26 March, the Scottish Government published an [independent analysis](#) on the potential future of child poverty if no action is taken on welfare reductions. The research estimates that, by 2030-31, 38% of children will be in relative poverty and 32% in absolute poverty.
31. On 26 March, the Scottish Government [published](#) *Early years assistance: consultation on best start grant regulations*. The purpose of the consultation is to test the Early Years Assistance (Best Start Grant) Regulations and identify any gaps, issues or unintended consequences. The consultation closes 15 June. It is not proposed to respond to this consultation.
32. On 28 March, the Scottish Government published [No one left behind – Next steps for the integration and alignment of employability support in Scotland](#). This plan sets out what needs to be done to deliver more effective and joined up employability support across Scotland.
33. On 29 March, the Scottish Government [launched](#) a joint consultation with COSLA on a Early Learning and Childcare (ELC) service model for 2020. It seeks a view on the proposed 'National Standard' which all providers who deliver the funded ELC must meet across sectors. The consultation closes on 29 June. It is proposed that the Commission consider a draft response at its meeting in June.

### ***Scottish Parliament***

#### *General:*

34. On 6 March, the Scottish Parliament Information Centre (SPICe) published a briefing which provides a summary of the key provisions in the [UK Withdrawal from the European Union \(Legal Continuity\) \(Scotland\) Bill](#). The briefing also provides details of the key differences between this bill and the UK Government's European Union (Withdrawal) bill.
35. On 7 March, SPICe published a briefing which examines what the [UK's international trade policy might look like as a result of Brexit](#). It sets out details of the EU's current trade agreements with third parties in the form of case studies.
36. On 8 March, the *UK in a Changing Europe* initiative, which is funded by the Economic and Social Research Council, [published a report](#) exploring the underlying tensions and constitutional issues raised by Brexit between London, the devolved administrations and local government.
37. On 9 March, SPICe published a briefing which sets out the background to the [Scottish](#)



[Crown Estate Bill](#). It describes the Scottish Crown Estate assets, the process of devolution, the results of a government consultation, as well as the proposals in the bill.

38. On 20 March, SPICe published a briefing on [The impact of Brexit on Scotland's growth sectors](#). It brings together the latest research on the economic consequences of Brexit, endeavouring to assess the impact on six key sectors of the Scottish economy. They are: Food and drink; Sustainable tourism; Life sciences; Creative industries; Energy; and Financial and business services.
39. On 26 March, SPICe published a briefing on the [Scottish labour market](#) from the March 2018 regional labour market statistics from the Office for National Statistics. It found that the unemployment rate in Scotland increased over the quarter, and is now the same as the UK at 4.3 per cent. The increase in unemployment was due to the number of unemployed women increasing by 11,000, while the number of unemployed men fell by 6,000.

### **Parliamentary Committee News**

#### *Public Audit and Post Legislative Scrutiny Committee:*

40. On 8 March the committee [took evidence](#) from the Auditor General and Audit Scotland on the Auditor General for Scotland and Accounts Commission report on *Early learning and childcare*. Audit Scotland was represented by Antony Clark, Tricia Meldrum (Senior Manager) and Rebecca Smallwood (Senior Auditor).

#### *Finance and Constitution Committee*

41. On 8 March, the committee launched a [call for evidence](#) on the funding of EU competences. The committee is seeking views on the public finances issues raised for the devolution settlement arising from the Brexit process. It is not proposed to respond to this call for evidence.

#### *Local Government and Communities Committee:*

42. On 14 and 21 March the committee [took evidence](#) from a range of stakeholders on the Planning (Scotland) Bill at stage one.

#### *Other committees:*

43. On 26 February, the Education and Skills Committee announced they will be launching a [new inquiry](#) into the impact of the experience of poverty on the attainment of young people at school.
44. On 19 March, [Esther McVey MP appeared before the Social Security Committee](#) to discuss the ongoing problems with the roll out of Universal Credit, ahead of the Scottish Parliament considering the Social Security Bill.
45. On 21 March, the Education and Skills Committee took evidence from Caroline Gardner, Antony Clark, Tricia Meldrum, and Rebecca Smallwood on the Auditor General for Scotland's report on Early learning and childcare.
46. On 21 March, the Public Petitions Committee [closed](#) a petition regarding creating a new local government complaint body. This means that the matter will not be considered further.

47. On 23 March, the Education and Skills Committee [launched a survey](#) on the support young people receive to help them decide what to do in later life. The closing date for submissions is 23 April.

### **COSLA**

48. On 23 March COSLA announced that it had secured an [‘important victory’ in the Brexit negotiating process](#) with the Government agreeing that, once the UK exits the EU, a process will be established to consult local government on reserved matters they would have been consulted on through the EU Committee of the Regions.
49. On 23 March Renfrewshire Council hosted the [COSLA Convention](#).

### **Improvement Service**

50. In March, the Improvement Service appointed [Sarah Gadsen](#) as interim chief executive, initially for eight months, to succeed Colin Mair, who retired at the end of March.

### **By-elections**

51. There have been no by-elections since my last report.

### **Other Scottish local government news**

52. On 7 March, Citizens Advice Scotland [released a poll](#) of nearly 5,000 people which found that 60 per cent of Scottish people find their bus services infrequent, poor value for money and with confusing information on fares.
53. All Scottish councils have now [announced that](#) they will raise council tax by 3% in 2018.
54. On 16 March, [Friends of the Earth](#) criticised Glasgow City Council’s failure to provide a timetable for when they will include vans, lorries, cars and taxis into a Low Emissions Zone it is trialling.
55. On 21 March, Teachers at three schools in East Dunbartonshire [announced](#) they will take strike action over levels of bureaucracy set by school management. Members of the NASUWT union at Kirkintilloch High School, Lenzie Academy and Bearsden Academy say they are being overworked and it is having an impact on the quality of teaching.
56. On 22 March, the Child Poverty Action Group (CPAG) [urged the Scottish Government](#) to use devolved welfare powers to deliver on its inequality ambitions following new figures showing an additional 20,000 children were pushed into living in poverty from 2011-14 to 2014-17.
57. On 28 March, National Records of Scotland [published](#) population projections for Scottish areas, which show that 24 councils are expected to see growth in population over the next ten years.
58. On 28 March, Holyrood Magazine [reported](#) that teacher’s unions in Scotland have rejected a pay offer of three per cent from councils. The offer, made at the Scottish Negotiating Committee for Teachers (SNCT), falls short of the 10 per cent demand made by trade unions the EIS, the SSTA and the NASUWT.
59. On 4 April, research published by SPICe in conjunction with Scottish Labour [showed](#)

[that](#) across all 32 Scottish local authorities, spending has been cut by an average of £137 per person over the last five years.

## **Scrutiny, inspection, regulatory and related bodies**

### ***Scottish Public Sector Ombudsman (SPSO):***

60. The SPSO's [newsletter – March](#) outlines investigation reports, recent SPSO news and highlights emerging issues. More information on the SPSO's work, including detailed investigations and decision reports, is available on the [Our findings](#) webpage. The Commission's Financial Audit and Assurance Committee will consider more detailed intelligence from the SPSO on a six-monthly basis.

### ***Commissioner for Ethical Standards in Public Life in Scotland:***

61. Since my last report, the Commissioner has published [no decisions on complaints](#) relating to councillors.

### ***Standards Commission for Scotland***

62. There have been no [hearings by the Standards Commission](#) since my last report.

### ***Care Inspectorate***

63. On 1 March, the Care Inspectorate reported that it had served a [formal improvement notice on Ardnahean Care Home](#) following an inspection which raised serious concerns. The provider of the care home is Argyll and Bute health and social care partnership.
64. On 7 March, the Care Inspectorate published [Strategic planning of health and social care in North Lanarkshire](#). It reported that the health and social care partnership in North Lanarkshire is laying down 'strong foundations' to support more integrated working.
65. On 20 March, the Care Inspectorate published its [Joint inspection of services for children and young people in East Ayrshire](#). It found that services for children and young people in East Ayrshire are performing well and delivering very good outcomes for children, young people and their families.
66. On 30 March, The Care Inspectorate published [Guidance on adult to child ratios in Early Learning and Childcare \(ELC\) settings](#). This reflects the ratios that existed under the previous National Care Standards.

### ***Her Majesty's Chief Inspector of Constabulary Scotland (HMICS)***

67. On March 21, HMICS announced that [Gillian Imery QPM has been appointed as the next HM Chief Inspector of Constabulary for Scotland](#).

### ***Scottish Housing Regulator***

68. On March 29, Scottish Housing Regulator published [Housing people who are homeless in Glasgow](#), which reported that people who are homeless in Glasgow are waiting too long to be given a home and may spend too much time in temporary accommodation.

## UK Parliament

### **General**

69. On 27 March, the Secretary of State for Housing, Communities and Local Government Sajid Javid [made a statement](#) about the independent inspection report on Northamptonshire County Council. The report found multiple apparent failures in complying with its best value duty and that for a number of years the council has failed to manage its budget. Javid stated he will use his powers under section 15 of the Local Government Act 1999 to appoint commissioners to take direct control over the council's financial management and overall governance.

### **Communities and Local Government Committee**

70. On 5 March the Committee [questioned](#) Minister for Local Government Rishi Sunak MP as part of its 100% business rate retention inquiry, which examines how the extended implementation period for further business rate retention is affecting councils' financial planning.
71. On 5 March the Committee held a [one-off inquiry](#) into the Government's new housing planning rules.
72. On 26 March the Committee [questioned](#) representatives from charities and policy experts as part of the inquiry into the long-term funding of adult social care.
73. On 29 March the Committee Chair Clive Betts MP, [wrote to](#) the Secretary of State to call for more Government engagement with local government on the Brexit process and negotiations.

### **Scottish Affairs Committee**

74. On 6 March the Committee [heard from](#) internet service providers and alternative network providers about their action to improve broadband coverage in Scotland.
75. On 12 March the Committee launched an [inquiry](#) to examine the impact of Brexit on trade and investment in Scotland. The Committee invites evidence on this subject.
76. On 27 and 19 March the Committee [heard from](#) a range of stakeholders including MPs and experts, in its inquiry into immigration and Scotland.

### **Public Accounts Committee**

77. On 16 March, the Committee published its report [Governance and departmental oversight of the Greater Cambridge Greater Peterborough Local Enterprise Partnership](#), which found persistent concerns about complexity and confusion in devolution.
78. On 27 March, the Committee published its [report](#) on [Sustainability and transformation in the NHS](#). Its findings were that the Department for Health and Social Care must set out plans to secure a long-term funding settlement that reflects real need.

## Other UK Audit Bodies

### *National Audit Office:*

79. On 26 March, the NAO published an [interactive document](#) in conjunction with the Public Sector – Building Public Trust Awards, which illustrates a range of good practice

examples of annual performance reports across the public and private sector.

#### *Wales Audit Office*

80. On 22 February, the WAO published [Housing Applications](#). It found that high satisfaction levels mask a hugely 'complicated, reactive and inequitable system', and that public bodies are not improving performance because of limited oversight of performance across Wales.
81. On 14 March, the WAO announced that it looks forward to welcoming Adrian Crompton to the role of [Auditor General for Wales](#), following the news that Assembly Members had voted in favour of his nomination during Plenary.

#### *Northern Ireland Audit Office*

82. On 30 March, the NIAO published its [Local Government Annual Improvement Reports 2018](#). These reports summarise the findings of the Local Government Auditor's improvement audit and assessment work on the responsibilities that local councils have to continuously improve their functions and services.

### **Other general - UK**

#### ***Solace UK***

83. On 14 March Solace UK spokesperson for Local Government Finance Martin Reeves responded to the [Spring Statement](#), voicing his disappointment that it does nothing to alleviate the funding crisis facing local services.

#### ***Other UK news***

84. On 9 March, the UK Cabinet Office published a [Framework analysis](#) which breaks down areas of EU law that intersect with devolved competences in Scotland, Wales and Northern Ireland.
85. On 15 March, a [joint report](#) was published by Nuffield Trust and the Royal College of Paediatrics and Child Health, which compared UK data on health and wellbeing during early childhood with 14 other countries. The report found that a baby boy has a broadly similar life expectancy to most European comparators, and a baby girl in the UK has the lowest life expectancy of all European comparators.
86. On 15 March, public sector IT organisation SOCITM [published a survey](#) which found that only 58 per cent of UK council websites have been rated satisfactory for their information about rubbish and recycling collections.
87. On 19 March, the UK Government and the EU reached [an agreement](#) on the Brexit transition period, which will last from March 2019 to December 2020. UK fishing quotas will remain the same and European trawlers will maintain their access to UK waters.
88. On 22 March, the Welsh Government released a [green paper](#) which reveals plans to reduce the number of councils in the country from 22 to ten. It noted that the Welsh Government has protected funding for local government in Wales, against a backdrop of reducing budgets from the UK government, and stated that in these circumstances continuing with 22 authorities often doing the same things in different ways 22 times over is not sustainable.

89. On 22 March, the Institute for Fiscal studies [announced](#) that revenue from council tax and business rates in England will not keep pace with a growing social care need. The institute predicts that even if council tax revenues increase by 4.5 per cent a year, adult social care spending is likely to amount to half of all revenue from local taxes by 2035.
90. On 27 March, the Department for Transport [announced](#) that it will be giving councils in England £100 million to repair potholes in the wake of this winter's severe weather.
91. On 28 March, the Ministry for Housing, Communities and Local Government [announced that](#) Castle Point, Thanet and Wirral councils will now be assessed by government experts to see if the government needs to take over the process of producing a local plan.
92. On 28 March, the Migration Advisory Committee, commissioned by the UK Government to examine current and future European Economic Area (EEA) migration trends and their likely impact, has published an [interim report](#).

## **Conclusion**

93. The Commission is invited to:
  - a) consider and note this report.
  - b) in particular, agree to consider a draft response at its June meeting on the Scottish Government and COSLA consultation on the Early Learning and Childcare service model for 2020, as set out in paragraph 33.
  - c) in particular, agree not to respond to the Scottish Government's consultations on: the new Enterprise Agency for the South of Scotland (paragraph 24); and *Early years assistance: consultation on best start grant regulations* (paragraph 31).

**Paul Reilly**  
**Secretary to the Accounts Commission**  
**6 April 2018**

MEETING: 12 APRIL 2018

REPORT BY: SECRETARY TO THE COMMISSION

LOCAL GOVERNMENT BENCHMARKING FRAMEWORK

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**Purpose**

1. This paper introduces a discussion with representatives of the board of the Local Government Benchmarking Framework.

**Background**

2. The Commission has maintained a close interest in the development of the LGBF. This interest reflects the Commission's ongoing commitment to encourage local government led benchmarking and improvement, as well as its statutory responsibilities in relation to directing local authorities to publish performance information and in securing the audit of Best Value.
3. The Commission's interest in the LGBF is also driven by the prominence of the project in the Commission's strategy for statutory performance information (SPI), discussed further below.
4. At its last meeting, the Commission noted the publication of the LGBF National Benchmarking Framework Overview Report 2016/17. This is in effect the annual report of the LGBF project. It is attached in **Appendix 1**. The press release issued by the Improvement Service and COSLA is attached for information in **Appendix 2**. This is in effect the annual report of the LGBF project. Members considered the report as part of their consideration of the Commission's draft overview report, which is to be published on 5 April.
5. Members also noted that given the Commission's strategic interest in the LGBF project, it would wish to maintain engagement with the LGBF project board. Accordingly, David Martin, chair of the board (and Chief Executive of Dundee City Council) and Emily Lynch, Programme Manager - Performance Management & Benchmarking, Improvement Service, are present at today's meeting.

**Previous dialogue with the LGBF board**

6. The Commission has such dialogue with the LGBF board on an annual basis, around the publication of the LGBF annual report. This is followed by a meeting between the Commission Chair and Deputy Chair with the LGBF board to discuss the conclusions of the Commission. In addition, the Secretary to the Commission acts as an observer at meetings of the board and reports updates to the Commission as necessary.
7. At its March 2017 meeting, the Commission considered the 2015/16 LGBF annual report. The Commission noted the report and agreed to discuss further with the Board the following:
  - Further progress with developing customer satisfaction measures
  - The use of benchmarking data by council 'family groups' and by professional groups



- Developing a richer understanding of the reasons for the variations between councils in performance and costs.
8. The Commission also noted advice from the Controller of Audit that auditors were expected to consider the framework as part of financial audit and Best Value auditing work.
  9. The Acting Chair of the Commission subsequently met with LGBF board representatives to discuss these matters. The letter that he subsequently sent to the board is in **Appendix 3**.
  10. At today's meeting, David Martin and Emily Lynch will update the Commission on progress in this regard.

### **SPI Direction**

11. The Commission has a SPI strategy incorporating the following principles:
  - A three year SPI Direction from 2015 (set out in **Appendix 4**).
  - Reflecting the increasing maturity of, and the Commission's ongoing support for the further development of, the LGBF within the SPI Direction.
  - Incorporating our assessment of councils' approaches to public performance reporting (PPR) as an integral element of the new approach to auditing Best Value, rather than as a separate assessment of this aspect of councils' performance, as was previously the case in recent years.
12. At its December 2018 meeting, the Commission will consider its SPI strategy and a new SPI Direction. To do so, it will review councils' progress against the requirements of the Direction. As part of this exercise, the views of SOLACE and COSLA will be sought. Today's meeting is the first opportunity to initiate such dialogue.

### **Conclusion**

13. The Commission is invited to discuss with LGBF board representatives:
  - a) The content of the Local Government Benchmarking Framework (LGBF) National Benchmarking Overview Report 2016/17
  - b) The progress of the project, particularly in relation to the areas of particular interest to the Commission as set out in paragraph 8 above
  - c) Initial observations of LGBF board representatives in relation to councils' performance against the Commission's SPI Direction.

**Paul Reilly**  
**Secretary to the Commission**  
**30 March 2018**



**Appendix 1: National Benchmarking Overview Report 2016/17**

**See separate paper**

## **Appendix 2: Improvement Service and COSLA press release of 12 February 2018 (accompanying the publication of the National Benchmarking Overview Report 2016/17)**

### **Councils continue to perform well despite sharp reduction in spend**

Scotland's councils continue to perform well for their communities in terms of service delivery despite a sharp reduction in their finances according to the latest [Local Government Benchmarking Framework report](#).

The latest data clearly demonstrates that councils and schools are closing the education attainment gap; measures of educational outcome continue to show positive progress overall but particularly for children from the most deprived areas.

Another positive trend to emerge from the data is the increased usage of libraries, museums and leisure facilities coupled with reduced costs.

These and other findings are contained in the [Local Government Benchmarking Framework \(LGBF\)](#) published by the Improvement Service. The LGBF reports on how much councils spend on particular services, service performance and how satisfied people are with the major services provided by councils.

Across the seven-year period for which data is presented, total current funding for Scottish councils has reduced by 7.6% in real terms from £10.5 billion to £9.7 billion.

Education spending has been relatively protected, and child protection and social care spending have grown substantially. As these account for over 70% of the benchmarked expenditure within the LGBF, other services have taken much more substantial reductions. Expenditure on roads has fallen by 20% in real terms, on planning by 33% and on culture and leisure services by 17%.

The main findings from the report show that reduction in spend has been variable across service areas:

- education has been relatively protected (-4%),
- child protection has grown (+19%),
- adult social care has grown (+6%)
- waste disposal spend has grown (+4.3%) linked to the transition from landfill to recycling.

Other areas have had substantial cuts to spending:

- Leisure and culture services (-17%),
- Parks and open spaces (-22%),
- Roads maintenance (-20%)
- Corporate Support Services (-14%).

The Local Government Benchmarking Report also highlights that during this period councils have achieved substantial improvements in efficiency, innovation and productivity while service output and outcomes have been largely maintained and improved.

However, it should be recognised that use of reserves was a key contributor to this trend. The report states that it will be harder to reproduce the efficiency and productivity gains of the last five years again, particularly with the current financial outlook and the relaxation of the pay strategy proposed by the Scottish Government.

Commenting on the report, COSLA President, Councillor Alison Evison, who also Chairs the Improvement Service Board, said: "Today's report shows that the cuts to local government have really started to bite, particularly in the non-statutory services.

"It also illustrates clearly that despite this Scotland's councils continue to deliver high quality services to their communities.

"It is particularly pleasing that the data released today clearly demonstrates that councils and schools are closing the attainment gap.

"There are however still major inequalities in attainment between the most deprived pupils and others. Continuing reform and improvement is essential, but it is critical to ensure that continued reform does not disrupt the stable and consistent improvement trend already there, as schools, councils and regional improvement collaboratives adjust to new roles and relationships.

"What councils are continuing to achieve for communities is impressive in spite of the financial challenges we face.

"Indeed I think that today's report shows fantastic results for culture and leisure services. The increased usage of libraries, museums and leisure facilities coupled with reduced costs is a great story of transformation and how widely valued council services are across Scotland.

"Local government cannot continue to be the poor relation of the public sector and the fact that roads spending is down 20% will not have gone unnoticed.

"Spending on care for older people has grown in real terms but not at the level necessary to keep up with demographic change. The same applies to child protection."

### **Appendix 3: Letter from Commission Acting Chair to LGBF Board Chair**

David Martin  
Chair  
Local Government Benchmarking Board  
Dundee City Council  
City Chambers  
City Square  
DUNDEE  
DD1 3BY

26 September 2017

Dear David,

#### **Local Government Benchmarking Framework**

It was good to meet you and Emily recently to discuss progress with the Local Government Benchmarking Framework.

The Commission has gained much assurance from the Board's strategic plan about the positive direction of the project. It is pleasing to note your intention to give the plan prominence amongst stakeholders to help underline progress of this important initiative.

We are particularly pleased to note the Board's moves to broaden its membership, with more representation from chief executives and from health and social care interests. We also note the Board's intention to collaborate with chief education officers to develop broader attainment measures. As I advised at our meeting, attainment is an area of increasing interest for the Commission, and it is important to us that our work helps inform policy discussion and debate in this regard. I would point you towards our forthcoming 'round table' initiative before the end of the year to discuss matters around our proposed national performance audit in 2018/19 on school educational attainment.

I would highlight a few points from our meeting:

- We agreed that we want to expedite progress in developing ways of providing assurance around customer satisfaction. We therefore have a mutual interest in the effectiveness of the Scottish Household Survey, but also in councils developing a set of common principles to apply in developing their own customer satisfaction measures. I am happy to suggest the involvement of Audit Scotland officers in this endeavour if helpful.
- We noted the use of LGBF data in the Commission's first two published Best Value Assurance Reports (BVARs). Such analysis of data – not just LGBF data but also the data that councils use themselves in planning, improvement and reporting to the public – is an area that the Commission wants to develop further in its own public reporting. We agree our mutual desire to ensure that such reporting is done against councils' strategic objectives and against wider outcomes alongside their community planning partners. There will be an opportunity for further dialogue between the Commission and the Board around our review of the first six BVARs in February 2018.
- Further in this regard, we are pleased to note the progress made by the Board in linking council benchmarking data with wider outcomes, particularly in the form of the community planning outcomes profile. This will be of mutual benefit to us all in reporting a richer picture of progress against outcomes.
- Finally, we noted the opportunity for further dialogue as part of the Commission's forthcoming review of our statutory performance information Direction, with a new Direction to be published in December 2018. In recent years the Commission has been able to fulfil this important statutory requirement by evolving an approach where the local government sector itself leads the improvement of the performance information that is reported to the public. In the lead up to the review, the Commission will consider evidence, available

through BVARs and annual audit work, of the type of performance information being published by councils, and how they are reporting this as part of their statutory requirement (under their duty of Best Value) in relation to public performance reporting.

Overall, I would like to underline the Commission's desire to present the complementary and mutual interest that we have in the success of the LGBF project. A robust framework allows councils to demonstrate the rationale behind their strategic decisions to reshape and improve services, and report the performance of these services to the public. In turn, the Commission can gain assurance about councils' approaches and report this assurance to the public.

We will of course arrange the customary formal session between the Commission and the Board at a Commission meeting in early 2018, around the publication of your annual report. Meantime, Paul Reilly will keep the Commission informed of progress through his participation in Board meetings. I wish you continued success.

Yours faithfully



**Ronnie Hinds**  
**Acting Chair**

Appendix 4: SPI Direction

**The Publication of Information (Standards of Performance) Direction 2015**

**Local Government Act 1992**

**Statutory Performance Indicators**

Direction 2015

**December 2015**

## **A new approach to the SPI regime**

The Accounts Commission has a statutory responsibility to define the performance information that councils must publish for performance comparison and benchmarking purposes. This responsibility links closely with the Commission's Best Value audit responsibilities.

Whilst recognising the importance of these powers the Commission believes that high quality Public Performance Reporting (PPR) and performance benchmarking will only occur if there is ownership of this agenda as part of a culture of continuous improvement within local government. For this reason, since 2008 the Commission has taken steps to develop a more flexible approach to its statutory performance information role. Our 2008 Direction reduced the number of statutory indicators from 58 to 25. Since then, the Commission has endorsed and supported the development of the local government performance benchmarking framework (LGBF), and to reflect this, in 2012 we further reduced the number of indicators to three. The Commission's position reflects a commitment to supporting sector-led improvement. It is also consistent with the Crerar principle<sup>1</sup> that the primary responsibility for demonstrating effective performance should rest with service providers, a principle which is reflected in the Commission's strategy 2013-16.

Three years on, the Commission recognises that it is time to reflect further on progress and how our approach to the statutory performance information (SPI) regime should be taken forward in the longer-term.

On that basis, this year we reviewed our approach to the SPI regime in the context of ongoing improvements in councils' approaches to public performance reporting (PPR) and the increasing maturity of the LGBF project. As part of that process we also considered how the SPI regime could be more effectively aligned with our new integrated approach to auditing Best Value.

The Commission has adopted a new SPI strategy incorporating the following principles:

- A longer-term statutory performance information Direction from 2015.
- Reflecting the increasing maturity of, and the Commission's ongoing support for the further development of, the LGBF within the SPI Direction.
- Incorporating the assessment of councils' approaches to PPR as an integral element of the new approach to auditing Best Value, rather than as a separate assessment of this aspect of councils' performance, which has been the case in recent years.

We are significantly streamlining the SPI regime and aligning SPI and PPR activity within our new approach to auditing Best Value. This decision was made to signal clearly to the local government community how we are reflecting the increasingly mature approach to sector-led improvement in our SPI regime. As part of this new approach, we want to better reflect the impact that councils are making on their communities and how they are contributing to improved outcomes for local people.

This new 2015 Direction sets out a streamlined and more flexible set of performance information for the 2016/17 financial year that the Commission requires councils to collect and report in public. Councils will be required to publish the required information from the financial year ending 31st March 2017 each year through to the financial year ending 31st March 2019.

However, the Commission is clear that councils' approaches to benchmarking and PPR need to be comprehensive and reflect local improvement priorities. This means that simply complying with the LGBF is not enough in itself to satisfy councils' PPR obligations. In addition, the Commission wants to see evidence that councils are using benchmarking information to improve their performance.

Although this will be a three-year Direction the Commission will continue to engage with the LGBF Board and monitor the ongoing development of the LGBF and will review progress with the LGBF and councils' reporting of performance on an annual basis.

The Commission hopes our new approach will be welcomed by councils and their partners.

**Douglas Sinclair**  
**Chair of the Accounts Commission for Scotland**  
**December 2015**

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<sup>1</sup> The Crerar Review. The report of the independent review of regulation, audit, inspection and complaints handling of public services in Scotland. Scottish Government, September 2007.

**LOCAL GOVERNMENT ACT 1992**  
**THE PUBLICATION OF INFORMATION**  
**(STANDARDS OF PERFORMANCE) DIRECTION 2015**

1. This Direction is given by the Accounts Commission for Scotland (“the Commission”) under section 1(1)(a) of the Local Government Act 1992, which requires the Commission to direct relevant bodies to publish such information relating to their activities in any financial year or other specified period as will, in the Commission’s opinion:

***“facilitate the making of appropriate comparisons (by reference to the criteria of cost, economy, efficiency and effectiveness and of securing best value in accordance with section 1 of the Local Government in Scotland Act 2003) between –***

***i. the standards of performance achieved by different relevant bodies in that financial year or other period; and***

***ii. the standards of performance achieved by such bodies in different financial years or, as the case may be, other periods”***

2. This Direction is given to all local authorities and to joint committees and joint boards, as defined by the Local Government (Scotland) Act 1973, and amended by the Local Government etc. (Scotland) Act 1994.

3. Each of the bodies referred to in paragraph 2 shall, in accordance with section 13 of the Local Government in Scotland Act 2003 and associated regulations and guidance from Scottish Ministers, publish the information specified in the schedule to this Direction for all those activities which are carried out by the body

4. The period for which the information in the schedule must be published is the financial year ending 31<sup>st</sup> March 2017.

5. In the schedule, the term ‘Best Value’ shall be interpreted in accordance with the definition and requirements of Part 1 of the Local Government in Scotland Act 2003.

## **Schedule**

### **Achievement of Best Value**

SPI 1: Each council will report a range of information setting out:

- Its performance in improving local public services (including with partners).
- Its performance in improving local outcomes (including with partners).
- Its performance in engaging with communities and service users, and responding to their views and concerns.
- Its performance in achieving Best Value, including its use of performance benchmarking; options appraisal; and use of resources.

### **Local Government Benchmarking Framework**

SPI 2: Each council will report its performance in accordance with the requirements of the Local Government Benchmarking Framework.



**MEETING: 12 APRIL 2018****REPORT BY: DIRECTOR OF PERFORMANCE AUDIT AND BEST VALUE AND  
CONTROLLER OF AUDIT****NATIONAL SCRUTINY PLAN 2018/19**

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**Purpose**

1. This report provides the Commission with the Strategic Scrutiny Group's (SSG) National Scrutiny Plan (NSP) for Local Government 2018/19 for information (report and scrutiny map both attached). It draws on, and summarises, the outcomes of the 2018/19 shared risk assessment process, and provides information on nationally directed scrutiny to be carried out by other scrutiny bodies.

**Background**

2. The NSP is aggregated from the 32 local scrutiny plans (LSPs) prepared by Local Area Networks through the shared risk assessment process. It summarises planned strategic scrutiny work from April 2018 to March 2019 in each of Scotland's 32 councils.
3. In previous years this has included all strategic scrutiny activity of which we are currently aware. From 2018/19, Education Scotland has introduced a new programme of inspections to evaluate councils' progress in improving learning, raising attainment and closing the poverty-related attainment gap. In carrying out these inspections, Education Scotland only provides councils with four weeks notice. As a result we have been unable to reflect this activity in detail in the national scrutiny map.
4. As the NSP makes clear, a significant amount of change is being introduced in scrutiny approaches and methodologies around the provision of social care and education. The content of the NSP has been considered by all relevant scrutiny partners to provide assurance that the proposed NSP is proportionate, well co-ordinated and can be resourced by each organisation. All scrutiny partners are content that the commentary report that runs alongside the NSP accurately reflects the views of their respective organisations.
5. Following approval by the SSG members, the plan was published at the beginning of April, alongside the individual council LSPs. At its next meeting in May, the Strategic Scrutiny Group will be reflecting on the shared risk assessment process, discussing ways in which it can be improved and a number of broader issues relating to scrutiny coordination in future.

**Recommendation**

6. The Accounts Commission is asked to note the publication of the National Scrutiny Plan.

**Fraser McKinlay****Director of Performance Audit and Best Value and Controller of Audit****4 April 2018**

# National scrutiny plan 2018/19

A summary of local government  
strategic scrutiny activity



Prepared on behalf of the Strategic Scrutiny Group  
April 2018

ACCOUNTS COMMISSION 

 AUDIT SCOTLAND

 improving policing  
across Scotland

 Healthcare  
Improvement  
Scotland

 Scottish Housing  
Regulator

 Education  
Scotland  
Foghlam Alba

 HMIPS  
HM INSPECTORATE OF  
PRISONS FOR SCOTLAND

Inspectorate of  
Prosecution in  
Scotland

 HMFSI

 care  
inspectorate

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

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## Links

 PDF download

 Web link

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# Background

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**1.** The National Scrutiny Plan for local government has been jointly prepared by members of the Strategic Scrutiny Group (SSG). This group comprises Scotland's main public sector scrutiny bodies - the Accounts Commission for Scotland, Audit Scotland, Education Scotland, the Care Inspectorate, Healthcare Improvement Scotland, the Scottish Housing Regulator, Her Majesty's Inspectorate of Constabulary in Scotland, Her Majesty's Fire Service Inspectorate, Her Majesty's Inspectorate of Prisons and Her Majesty's Inspectorate of Prosecution. The SSG is convened and chaired by the Accounts Commission. Details of each organisation can be found in the [Appendix](#). In this report, they are collectively referred to as scrutiny bodies.

**2.** The SSG supports the delivery of better coordinated, more proportionate and risk-based local government scrutiny. Those scrutiny bodies directly relating to local government services - Audit Scotland (on behalf of the Accounts Commission), the Care Inspectorate, Education Scotland, the Scottish Housing Regulator and council external auditors appointed by the Accounts Commission (including private sector Audit Firms), work together through Local Area Networks (LANs) to share intelligence and agree the key scrutiny risks in each of Scotland's 32 councils.

**3.** Annually, each LAN prepares a Local Scrutiny Plan (LSP) setting out the planned scrutiny activity for the council concerned. LSPs also include nationally programmed scrutiny, such as the Care Inspectorate's joint inspections of services for children, young people and families and joint inspections of adult health and social care services. This approach, called Shared Risk Assessment (SRA), is designed to ensure well coordinated proportionate and risk-based scrutiny.

**4.** This 2018/19 National Scrutiny Plan (NSP) for local government is one of the key outputs from the SRA process. It is the ninth such plan and summarises all planned strategic scrutiny activity.<sup>1</sup> From April 2018 to March 2019 in each of Scotland's 32 councils. This strategic scrutiny activity can of course change during the year, particularly in response to any significant risks or events that may require immediate investigation.

**5.** A separate table showing planned scrutiny activity is available on the [Audit Scotland website](#) .

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# Part 1

## Direct scrutiny activity

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### National scrutiny programmes

**6.** There is a range of national scrutiny activity planned across councils over the next year and beyond. Where activity has been identified for 2018/19 that impacts on individual councils it is included in the National Scrutiny Plan. Significant pieces of national scrutiny activity, as well as developments in scrutiny approaches, are outlined below.

#### The Accounts Commission/Audit Scotland

##### Best Value


**7.** The Accounts Commission began to roll out its revised approach to Best Value auditing from October 2016. This includes an assessment each year of aspects of Best Value as part of an integrated annual audit. In addition, a public Best Value Assurance Report (BVAR) for each council will be published at least once in a five year period that will bring together an overall picture of the council drawn from a range of audit activity and the work of other scrutiny bodies.

**8.** The five year rolling programme of Best Value Assurance Reports is reviewed and refreshed annually by the Accounts Commission. The results of the SRA process will make a significant contribution to the audit intelligence that informs decisions about the programme, both in terms of the sequencing and timing of audits and the focus of audit work at individual councils.

**9.** Audit Scotland is currently carrying out work to produce a BVAR in Fife, Glasgow, East Ayrshire, West Dunbartonshire, Dumfries and Galloway and East Lothian councils. The current BVAR programme includes publication of a report in 2019 for North Lanarkshire, South Lanarkshire, Stirling, Highland, Scottish Borders, Perth & Kinross and Midlothian councils. The scope and timing of the work to be carried out, as part of the 2018/19 audit, will be discussed with each council.

##### National performance audits

**10.** Audit Scotland has several performance audits covering local government planned during 2018/19. These are part of a programme agreed by the Accounts Commission and Auditor General for Scotland (AGS) which is informed by the Accounts Commission's strategic audit priorities, public sector audit risks and policy developments, as well a wide range of policy monitoring and external engagement.

**11.** The programme includes audits covering children and young people's mental health, health and social care integration, city deals and the value for money of non-profit distributing (NPD) projects. Any engagement with individual councils is still to be determined. Further details on each of the audits in the performance audit programme for 2018/19 and beyond are available [here](#) .

### Housing benefit risk assessments


**12.** Audit Scotland will also continue to carry out a national programme of housing benefit risk assessments across councils during 2018/19. The Accounts Commission will continue to review its future approach to the scrutiny of benefits in light of the changing powers around social security in Scotland.

### Care Inspectorate

#### Health and social care integration authorities


**13.** Since April 2017, the Care Inspectorate and Healthcare Improvement Scotland (HIS) have a joint duty under the Public Bodies (Joint Working)(Scotland) Act 2014 to assess and report on the effectiveness of integration authorities' strategic plans. In these early stages of the integration of health and social care, the Care Inspectorate and HIS will report on the progress that integration authorities are making towards a more collaborative culture and integrated approaches to planning and delivering services, both of which should deliver improved outcomes for people in communities.

**14.** During 2018/19 the Care Inspectorate and HIS intend to visit three integration authorities to report on their progress. A key area of focus will be the measures they are taking to ensure they fully understand the current needs, and anticipate the future needs, of their communities and how they are jointly planning, commissioning and delivering services to meet these needs. The Care Inspectorate and HIS will be particularly looking to identify examples of good practice in engaging with communities to assess and plan to meet needs.

**15.** Audit Scotland's [Self-directed support: 2017 progress report](#)  noted that authorities' commissioning plans do not yet clearly set out how they will make decisions about changing services and re-allocating budgets in response to people's choices. In response, all joint inspections of strategic planning will examine how commissioning decisions are being influenced by self-directed support legislation.

**16.** Inspection activity to date has reinforced the critical importance of strong and effective care at home services to meet the aspiration of maintaining people in their own homes and communities for as long as possible and in line with their wishes. There are many services and supports that contribute to achieving this, including community health services, with directly provided and commissioned care at home services playing a very significant role. Over the next year, therefore, planning and commissioning of sufficient, stable and quality care at home provision will be a focus of joint inspections.

#### Thematic review of self-directed support

**17.** The Care Inspectorate will carry out a thematic review of self-directed support during 2018/19. Its aim is to build on the key findings of [Self-directed support: 2017 progress report](#) , exploring the ability and confidence of front line staff to implement self-direction support legislation by offering choice and control and making decisions with people about their support. Throughout the year, it will conduct an inspection in up to six areas across Scotland with the aim of identifying factors which support effective implementation of the legislation and barriers which require to be overcome. The Care Inspectorate will provide feedback on each area and publish an overview report, with the expectation that all areas will then use these findings to evaluate their own practice and make improvements where necessary.



### Joint inspections of services for children and young people

**18.** From April 2018, Scottish ministers have asked the Care Inspectorate to lead another programme of joint inspections of services for children and young people, in conjunction with Education Scotland, HIS and HMICS. Ministers have asked the Care Inspectorate to provide assurance about how community planning partners are protecting and meet the needs of children and young people who have experienced, or are at risk of, abuse and neglect, and how they are working together to improve outcomes for children and young people who are subject to corporate parenting requirements. The intention is to carry out five joint inspections in 2018/19. The Care Inspectorate has agreed with ministers that, for the duration of this programme of inspections, it will incorporate an area of specific enquiry each year, with the aim of identifying key lessons and best practice which all partnerships could use to support their own continuous improvement. It will publish an overview report at the end of each year.

### Community justice


**19.** The Care Inspectorate will work with Community Justice Scotland and other partners to support improvement in the implementation of the community justice strategy, to identify any particular risks and to carry out targeted scrutiny where this is required.

### Adult support and protection

**20.** The Care Inspectorate will report in May on a thematic review of Adult Support and Protection, carried out across six partnership areas in collaboration with colleagues from HIS and HMICS. During 2018/19, it will work with Scottish Government and colleagues to encourage partnerships to use this learning to review their own practice and to take any action necessary to strengthen their response to concerns.

### Education Scotland

**21.** Education Scotland, working in partnership with Audit Scotland, will carry out a programme of inspections to evaluate the progress made by local authorities in improving learning, raising attainment and closing the poverty related attainment gap. These inspections are initially focused on the nine local authorities who are designated as challenge authorities within the Scottish Attainment Challenge.<sup>2</sup> All nine challenge authorities will be inspected by the end of 2018, with Education Scotland providing four weeks' notice prior to carrying out individual inspections (and as a result these are not shown on the associated activity map). Other authorities may be included in due course; particularly those authorities currently subject to enhanced monitoring as a result of shared risk assessment.

**22.** Following publication of [Education Governance: Next Steps](#)  in June 2017, six Regional Improvement Collaboratives (RICs) were established. Each RIC will formulate its own regional improvement plan and each plan will be agreed with the Chief Inspector of Education. Support and challenge from within the collaborative teams and from Education Scotland Regional Advisers will ensure that each of the regional improvement plans takes account of all available evidence on performance and that the selection of educational strategies and interventions is appropriate to the particular regional context.

**23.** Over the coming year Education Scotland will continue to inspect community learning and development (CLD) services and the quality of careers information and guidance services delivered by Skills Development Scotland across council areas. It also plans to carry out a validated self-evaluation of educational



psychology services in one local authority area towards the end of 2018. Education Scotland will also work with stakeholders and other public bodies to create new approaches to scrutiny that take account of education reform, provide assurance and support system-led improvement.

### **Scottish Housing Regulator (SHR)**

**24.** The SHR may carry out thematic inquiries during 2018/19 or it may carry out survey or on-site work to follow up on published thematic reports. The SHR will also review the Scottish Social Housing Charter data submitted by landlords and may carry out data accuracy visits during the second half of 2018/19.

Where councils are to be involved in a thematic inquiry, any follow-up work to a published thematic inquiry, or a data accuracy visit, the SHR will confirm this directly with the council and the LAN lead.

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# Part 2

## Additional scrutiny of interest

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**25.** In addition to the direct scrutiny planned for local government, there is a range of other scrutiny activity that touches on local government, as outlined below.

### **Her Majesty's Fire Services Inspectorate (HMFSI)**

**26.** HMFSI will continue to inspect Scottish Fire and Rescue Service (SFRS) local service delivery across Scotland. These inspections will examine, among other things, local scrutiny and engagement between the SFRS and councils. As part of its programme, HMFSI intends to inspect service delivery in Edinburgh, Dumfries and Galloway and North Lanarkshire during 2018/19. HMFSI also has a programme of thematic inspection planned, but this work is unlikely to result in contact with local authorities. However, HMFSI may also carry out ad hoc inspections in response to specific events, which could involve contact with local authorities.

### **Her Majesty's Inspectorate of Constabulary in Scotland (HMICS)**

**27.** HMICS remains committed to assessing the quality of local policing as experienced by communities across Scotland, with an emphasis on the impact of the Community Empowerment (Scotland) Act 2015. During 2018/19, it will inspect G Division, which covers East Dunbartonshire, East Renfrewshire and Glasgow. Divisional inspections will cover partnership working and in particular, local scrutiny and engagement between Police Scotland and councils and the local Community Planning Partnership and Community Safety Partnership. Local police inspections also include a 'plus' element, which aims to investigate national issues through a local lens. These elements are subject to separate reports published on its website [www.hmics.org.uk](http://www.hmics.org.uk) .

### **Her Majesty's Inspectorate of Prisons for Scotland (HMIPS)**

**28.** HMIPS will inspect prisons in Scotland, jointly with Healthcare Improvement Scotland, Education Scotland, the Care Inspectorate and the Scottish Human Rights Commission. Each prison will be monitored on a weekly basis by volunteer Independent Prison Monitors who are allocated to each prison. Reports of findings from both inspection and monitoring are published regularly throughout the year.

### **Inspectorate of Prosecution in Scotland (IPS)**

**29.** In the Scottish Year of Young People, the IPS will conduct a thematic review of the prosecution of young people in the Sheriff Court. The review will assess the availability and use of diversion schemes provided by local authorities. It will also seek to identify areas of good practice, which may be of benefit to those involved in implementing the Community Justice (Scotland) Act 2016 both at local and strategic levels. As part of its programme, IPS will continue to inspect service delivery by the Crown Office and Procurator Fiscal Service at both a national and local level.

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# Endnotes



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- ◀ 1 Strategic scrutiny work does not include scrutiny activity carried out at service unit or institution level, such as inspections of individual schools or care homes, or the annual financial audit of public bodies.
  - ◀ 2 The nine challenge authorities are: Clackmannanshire, Dundee, East Ayrshire, Glasgow, Inverclyde, North Ayrshire, North Lanarkshire, Renfrewshire and West Dunbartonshire councils.

# Appendix

## The Local Government Scrutiny Strategic Group members



Accounts Commission	The Accounts Commission is a non-departmental public body (NDPB). The Accounts Commission is the public's independent watchdog for local government in Scotland. Its role is to examine how Scotland's 32 councils manage their finances, help these bodies manage their resources efficiently and effectively, promote Best Value and publish information every year about how they perform.
Audit Scotland	Audit Scotland is a statutory body providing services to the Accounts Commission and the Auditor General for Scotland (AGS). Working together, the Accounts Commission, the AGS and Audit Scotland ensure that public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.
Care Inspectorate	The Care Inspectorate is a non-departmental public body (NDPB). The Care Inspectorate's purpose is to provide assurance and protection for people who use care, social work and children's services.
Education Scotland	Education Scotland is an executive agency. It is the Scottish Government's national development and improvement agency for education. It is charged with providing support and challenge to the education system, from early years to adult learning, in line with the government's policy objectives.
Healthcare Improvement Scotland	Healthcare Improvement Scotland (HIS) is a health body. The function of HIS is to improve the quality of the care and experience of every person in Scotland every time they access healthcare by supporting healthcare providers.
Her Majesty's Fire Service Inspectorate	The Fire Service Inspectorate in Scotland exists to provide independent, risk based and proportionate professional inspection of the Scottish Fire and Rescue Service. Its purpose is to give assurance to the Scottish public and Scottish ministers that the service is working in an efficient and effective way, and to promote improvement in the service. Through this, the Inspectorate provides external quality assurance to the service, and provides support to the service in delivering its functions.
Her Majesty's Inspectorate of Constabulary in Scotland	Her Majesty's Inspectorate of Constabulary in Scotland (HMICS) provides independent scrutiny of both Police Scotland and the Scottish Police Authority. Its approach is to support Police Scotland and the Authority to deliver services that are high quality, continually improving, effective and responsive to local needs. It can inspect other UK police services that operate in Scotland and are members of the National Preventive Mechanism, inspecting police custody centres to monitor the treatment and conditions for detainees.
Her Majesty's Inspectorate of Prisons for Scotland	Her Majesty's Chief Inspector of Prisons for Scotland provides oversight and scrutiny of the 15 prisons in Scotland, by way of inspection and monitoring, in order to report on the conditions in prison and the treatment of prisoners. Monitoring is conducted by volunteer Independent Prison Monitors, who are required to visit every prison every week, to respond to prisoners' requests and to monitor conditions. HMIPS also has responsibility for inspecting court custody cells and the conditions in which prisoners are transported.

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Inspectorate of Prosecution in Scotland	The Inspectorate of Prosecution in Scotland is headed by HM Chief Inspector who reports directly to the Lord Advocate.  The aim of the inspectorate is to enhance the quality of service and public confidence in the Crown Office and Procurator Fiscal Service through independent inspection and evaluation.
Scottish Housing Regulator	The Scottish Housing Regulator (SHR) is a non-ministerial department. The statutory objective of the SHR is to safeguard and promote the interests of people who are or may become homeless, tenants of social landlords, or recipients of housing services provided by social landlords.

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# National scrutiny plan 2018/19

## A summary of local government strategic scrutiny activity

This report is available in PDF and RTF formats,  
along with a podcast summary at:

[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) 

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# National Scrutiny Plan for Local Government 2018/19

Council	Q1			Q2			Q3			Q4		
	April	May	June	July	August	September	October	November	December	January	February	March
<a href="#">Aberdeen City</a>										CSI		👤
<a href="#">Aberdeenshire</a>			CIAG									
<a href="#">Angus</a>										CIAG		
<a href="#">Argyll &amp; Bute</a>		Educ F/U					CSI		👤	CLD		👤
<a href="#">Clackmannanshire</a>										CLD		👤
<a href="#">Dumfries &amp; Galloway</a>	BVAR								🔍			
<a href="#">Dundee City</a>												
<a href="#">East Ayrshire</a>	BVAR	🔍					SDS					👤
<a href="#">East Dunbartonshire</a>							ASI		👤			
<a href="#">East Lothian</a>	BVAR						🔍				CIAG	
<a href="#">East Renfrewshire</a>								CIAG				
<a href="#">City of Edinburgh</a>										CSI		👤
<a href="#">Eilean Siar</a>	CLD		👤									
<a href="#">Falkirk</a>	CLD	(follow through)	👤									
<a href="#">Fife</a>	BVAR	🔍					CSI		👤			
<a href="#">Glasgow City</a>	CLD		👤									
	BVAR				🔍		SDS					👤
<a href="#">Highland</a>	BVAR	Timing TBC										🔍
						CLD						👤
<a href="#">Inverclyde</a>										CLD		👤
<a href="#">Midlothian</a>	BVAR	Timing TBC										🔍
<a href="#">Moray</a>						CSI						
						CIAG			SDS			👤
<a href="#">North Ayrshire</a>				ASI								
<a href="#">North Lanarkshire</a>	BVAR	Timing TBC										🔍
<a href="#">Orkney Islands</a>								SDS				👤
<a href="#">Perth &amp; Kinross</a>	BVAR	Timing TBC										🔍
						CLD				👤	ASI	👤
<a href="#">Renfrewshire</a>												
<a href="#">Scottish Borders</a>	BVAR	Timing TBC										🔍
<a href="#">Shetland Islands</a>												
<a href="#">South Ayrshire</a>						CLD						👤
<a href="#">South Lanarkshire</a>	BVAR	Timing TBC										🔍
	CLD		👤									
<a href="#">Stirling</a>	BVAR	Timing TBC										🔍
			CIAG									
<a href="#">West Dunbartonshire</a>	BVAR	Timing TBC	🔍									CIAG
							SDS					👤
<a href="#">West Lothian</a>						CLD						👤

## Key

Audit Scotland	
Best Value Assurance Report (BVAR)	🔍
Care Inspectorate/Multi-agency	
Children's Services Inspection (CSI)	👤
Adult Services Inspection (ASI)	👤
Self-directed support (SDS)	👤

Education Scotland	
Inspection of Careers Information Advice and Guidance (CIAG)/Follow Up (CIAG F/U)	👤
Inspection of education authority (EA)/Follow Up (EA F/U)	👤
Inspection of Community Learning and Development (CLD)/Follow Up (CLD F/U)	👤



# National Scrutiny Plan for Local Government 2018/19

Council	Previous scrutiny activity 2014/15 - 2017/18
<a href="#">Aberdeen City</a>	Children's Services Inspection ( <b>CSI</b> ), 2014/15. Community Planning Partnership Audit ( <b>CPP</b> ), Adult Services Inspection ( <b>ASI</b> ), Multi-Agency Public Protection Arrangements ( <b>MAPPA</b> ), Housing Benefit Risk Assessment ( <b>HB</b> ), 2015/16.
<a href="#">Aberdeenshire</a>	Children's Services Inspection ( <b>CSI</b> ), 2014/15. Multi-Agency Public Protection Arrangements ( <b>MAPPA</b> ), 2015/16. Housing Benefit Risk Assessment ( <b>HB</b> ), Education Psychology Service ( <b>EPS</b> ), 2016/17. Careers Information ( <b>CIAG</b> ), 2016/17. Community Learning and Development ( <b>CLD</b> ), 2017/18.
<a href="#">Angus</a>	Adult Services Inspection ( <b>ASI</b> ), 2014/15. Multi-Agency Public Protection Arrangements, ( <b>MAPPA</b> ), Best Value Follow-up ( <b>BV F/U</b> ), 2015/16. Children's Services Inspection ( <b>CSI</b> ) 2016/17. Her Majesty's Inspectorate of Constabulary in Scotland, ( <b>HMICS</b> ), 2017/18.
<a href="#">Argyll &amp; Bute</a>	Housing Benefit Risk Assessment ( <b>HB</b> ), Best Value Follow-up ( <b>BV F/U</b> ), Skills Development Scotland ( <b>SDS</b> ), 2014/15. Adult Services Inspection ( <b>ASI</b> ), Multi-Agency Public Protection Arrangements ( <b>MAPPA</b> ), Best Value Follow-up ( <b>BV F/U</b> ), 2015/16. Education, 2017/18.
<a href="#">Clackmannanshire</a>	Housing Benefit Risk Assessment ( <b>HB</b> ), Validated Self-Evaluation ( <b>VSE</b> ), Skills Development Scotland ( <b>SDS</b> ), 2014/15. Children's Services Inspection ( <b>CSI</b> ), 2014/15, Multi-Agency Public Protection Arrangements, ( <b>MAPPA</b> ), 2015/16. Education Psychology Service ( <b>EPS</b> ), Local Area Network additional work ( <b>LAN</b> ), 2016/17. Best Value Assurance Report ( <b>BVAR</b> ), 2017/18. Education Psychology Service ( <b>EPS</b> ), Adult Services Inspection ( <b>ASI</b> ), 2017/18.
<a href="#">Dumfries &amp; Galloway</a>	Additional annual audit work ( <b>AAA</b> ), 2014/15. Multi-Agency Public Protection Arrangements ( <b>MAPPA</b> ), Validated Self-Evaluation ( <b>VSE</b> ), Children's Services Inspection, ( <b>CSI</b> ), Adult Services Inspection ( <b>ASI</b> ), Performance Investigation ( <b>SHR</b> ), 2015/16. Performance Investigation ( <b>SHR</b> ), Education Psychology Service ( <b>EPS</b> ), 2016/17, Careers Information ( <b>CIAG</b> ), Community Learning and Development ( <b>CLD</b> ), Education Psychology Service ( <b>EPS</b> ), Validated Self-Evaluation ( <b>VSE</b> ), Best Value Assurance Report ( <b>BVAR</b> ), 2017/18.
<a href="#">Dundee City</a>	Multi-Agency Public Protection Arrangements ( <b>MAPPA</b> ), Children's Services Inspection ( <b>CSI</b> ), 2015/16. Housing Benefit Risk Assessment ( <b>HB</b> ), Education Psychology Service ( <b>EPS</b> ), 2016/17. Her Majesty's Inspectorate of Constabulary in Scotland, ( <b>HMICS</b> ), 2017/18.
<a href="#">East Ayrshire</a>	Validated Self-Evaluation ( <b>VSE</b> ), 2014/15. Multi-Agency Public Protection Arrangements ( <b>MAPPA</b> ), 2015/16. Housing Benefit Risk Assessment ( <b>HB</b> ), Education Psychology Service ( <b>EPS</b> ), Careers Information ( <b>CIAG</b> ), 2016/17. Best Value Assurance Report ( <b>BVAR</b> ), 2017/18. Validated Self Evaluation of Education Psychology Services ( <b>EPS VSE</b> ), Children's Services Inspection, ( <b>CSI</b> ), Community Learning and Development ( <b>CLD</b> ), 2017/18.
<a href="#">East Dunbartonshire</a>	Housing Benefit Risk Assessment ( <b>HB</b> ), Best Value Follow-up ( <b>BV F/U</b> ), 2014/15. Multi-Agency Public Protection Arrangements ( <b>MAPPA</b> ), Education Psychology Service ( <b>EPS</b> ), ( <b>BV</b> ), ( <b>SHR</b> ), 2016/17. Best Value Follow-up ( <b>BV F/U</b> ), 2017/18. Housing Benefit Risk Assessment ( <b>HB</b> ), Community Learning and Development ( <b>CLD</b> ), 2017/18.
<a href="#">East Lothian</a>	Multi-Agency Public Protection Arrangements ( <b>MAPPA</b> ), Adult Services Inspection ( <b>ASI</b> ), Housing Benefit Risk Assessment ( <b>HB</b> ), 2015/16. Performance Investigation ( <b>SHR</b> ), 2016/17. Education Psychology Service Validated Self Evaluation Follow-up ( <b>EPS VSE F/U</b> ), Best Value Assurance Report ( <b>BVAR</b> ), Community Learning and Development ( <b>CLD</b> ), 2017/18.
<a href="#">East Renfrewshire</a>	Housing Benefit Risk Assessment ( <b>HB</b> ), Children's Services Inspection ( <b>CSI</b> ), 2014/15. Public Protection Arrangements ( <b>MAPPA</b> ), Her Majesty's Fire Services Inspectorate ( <b>HMFSI</b> ) 2015/16. Housing Benefit Risk Assessment ( <b>HB</b> ), Education Psychology Service ( <b>EPS</b> ), 2016/17. Best Value Assurance Report ( <b>BVAR</b> ), 2017/18.
<a href="#">City of Edinburgh</a>	Housing Benefit Risk Assessment ( <b>HB</b> ), Best Value Follow-up ( <b>BV F/U</b> ), 2014/15. Public Protection Arrangements ( <b>MAPPA</b> ), Her Majesty's Inspectorate of Constabulary in Scotland, ( <b>HMICS</b> ), Best Value Follow-up ( <b>BV F/U</b> ), 2015/16. Adult Services Inspection ( <b>ASI</b> ), Careers Information ( <b>CIAG</b> ), 2016/17. Careers Information ( <b>CIAG</b> ), Her Majesty's Fire Services Inspectorate ( <b>HMFSI</b> ), Housing Benefit Risk Assessment ( <b>HB</b> ), Community Learning and Development Follow-up ( <b>CLD F/U</b> ), 2017/18.
<a href="#">Eilean Siar</a>	Housing Benefit Risk Assessment ( <b>HB</b> ), 2014/15. Children's Services Inspection ( <b>CSI</b> ), Adult Services Inspection ( <b>ASI</b> ), Multi-Agency Public Protection Arrangements, ( <b>MAPPA</b> ), Her Majesty's Fire Services Inspectorate ( <b>HMFSI</b> ) 2015/16. Children's Services Inspection, progress review ( <b>CSI</b> ), Housing Benefit Risk Assessment ( <b>HB</b> ), Education Psychology Service ( <b>EPS</b> ), Validated Self-Evaluation Follow-up ( <b>VSE F/U</b> ), Adult Services Inspection, progress review ( <b>ASI</b> ), 2017/18.
<a href="#">Falkirk</a>	Targeted Best Value Audit ( <b>TBV</b> ), Adult Services Inspection ( <b>ASI</b> ), 2015/16. Multi-Agency Public Protection Arrangements ( <b>MAPPA</b> ), Community Planning Partnership Audit ( <b>CPP</b> ), Children's Services Inspection ( <b>CSI</b> ), Housing Benefit Risk Assessment ( <b>HB</b> ), 2015/16. Best Value ( <b>BV</b> ), Education Psychology Service ( <b>EPS</b> ), Careers Information ( <b>CIAG</b> ), 2016/17. Education Psychology Service Validated Self Evaluation Follow-up ( <b>EPS VSE</b> ), 2017/18.
<a href="#">Fife</a>	Adult Services Inspection ( <b>ASI</b> ), 2014/15. Multi-Agency Public Protection Arrangements ( <b>MAPPA</b> ), Children's Services Inspection ( <b>CSI</b> ), Careers Information ( <b>CIAG</b> ), 2015/16. Housing Benefit Risk Assessment ( <b>HB</b> ), Education Psychology Service ( <b>EPS</b> ), 2016/17. Careers Information Follow-up ( <b>CIAG F/U</b> ), Best Value Assurance Report ( <b>BVAR</b> ), Community Learning and Development ( <b>CLD</b> ), 2017/18.
<a href="#">Glasgow City</a>	Housing Benefit Risk Assessment ( <b>HB</b> ), Skills Development Scotland ( <b>SDS</b> ), Adult Services Inspection ( <b>ASI</b> ), 2014/15. Multi-Agency Public Protection Arrangements ( <b>MAPPA</b> ), Community Planning Partnership Audit ( <b>CPP</b> ), Careers Information ( <b>CIAG</b> ), 2015/16. Performance Investigation ( <b>SHR</b> ), Children's Services Inspection ( <b>CSI</b> ), Her Majesty's Fire Services Inspectorate ( <b>HMFSI</b> ), 2016/17. Careers Information Follow-up ( <b>CIAG F/U</b> ), Best Value Assurance Report ( <b>BVAR</b> ), 2017/18.
<a href="#">Highland</a>	Adult Services Inspection ( <b>ASI</b> ), 2014/15. Multi-Agency Public Protection Arrangements ( <b>MAPPA</b> ), 2015/16. Education Psychology Service ( <b>EPS</b> ), 2016/17. Her Majesty's Fire Services Inspectorate ( <b>HMFSI</b> ), 2017/18.
<a href="#">Inverclyde</a>	Education Psychology Service ( <b>EPS</b> ), Multi-Agency Public Protection Arrangements ( <b>MAPPA</b> ), 2015/16. Housing Benefit Risk Assessment ( <b>HB</b> ), 2016/17. Children's Services Inspection ( <b>CSI</b> ), Careers Information ( <b>CIAG</b> ), 2017/18.
<a href="#">Midlothian</a>	Education Psychology Service ( <b>EPS</b> ), Housing Benefit Risk Assessment ( <b>HB</b> ), 2014/15. Multi-Agency Public Protection Arrangements ( <b>MAPPA</b> ), 2015/16.
<a href="#">Moray</a>	Best Value Follow-up ( <b>BV F/U</b> ), 2014/15. Multi-Agency Public Protection Arrangements ( <b>MAPPA</b> ), Best Value Follow-up ( <b>BV F/U</b> ), Education Psychology Service ( <b>EPS</b> ), Housing Benefit Risk Assessment ( <b>HB</b> ), Community Planning Partnership ( <b>CPP</b> ), 2015/16. Careers Information ( <b>CIAG</b> ), Children's Services Inspection ( <b>CSI</b> ), Her Majesty's Fire Services Inspectorate ( <b>HMFSI</b> ), 2016/17. Housing Benefit Risk Assessment ( <b>HB</b> ), Children's Services Inspection, progress review ( <b>CSI</b> ), Community Learning and Development ( <b>CLD</b> ), 2017/18.
<a href="#">North Ayrshire</a>	Multi-Agency Public Protection Arrangements ( <b>MAPPA</b> ), Housing Benefit Risk Assessment ( <b>HB</b> ), Community Planning Partnership ( <b>CPP</b> ), 2015/16. Education Psychology Service ( <b>EPS</b> ), 2016/17. Community Learning and Development ( <b>CLD</b> ), 2017/18.
<a href="#">North Lanarkshire</a>	Scottish Housing Quality Standard ( <b>SHQS</b> ), Children's Services Inspection ( <b>CSI</b> ), Skills Development Scotland ( <b>SDS</b> ), 2014/15. Multi-Agency Public Protection Arrangements ( <b>MAPPA</b> ), Housing Benefit Risk Assessment ( <b>HB</b> ), 2015/16. Education Psychology Service ( <b>EPS</b> ), 2016/17. Community Learning and Development ( <b>CLD</b> ), Adult Services Inspection ( <b>ASI</b> ), Her Majesty's Fire Services Inspectorate ( <b>HMFSI</b> ), 2017/18.
<a href="#">Orkney Islands</a>	Performance Inquiry, Scottish Housing Quality Standard ( <b>SHQS</b> ), Community Planning Partnership ( <b>CPP</b> ), 2014/15. Education Psychology Service ( <b>EPS</b> ), Multi-Agency Public Protection Arrangements ( <b>MAPPA</b> ), Housing Benefit Risk Assessment ( <b>HB</b> ), Performance Investigation ( <b>SHR</b> ), Community Planning Partnership Audit ( <b>CPP</b> ), 2015/16. Education Psychology Service ( <b>EPS</b> ), Careers Information ( <b>CIAG</b> ), Adult Services Inspection ( <b>ASI</b> ), 2016/17. Best Value Assurance Report ( <b>BVAR</b> ), 2017/18. Careers Information ( <b>CIAG</b> ), Community Learning and Development ( <b>CLD</b> ), 2017/18.
<a href="#">Perth &amp; Kinross</a>	Place Based Inspection, Multi-Agency Public Protection Arrangements ( <b>MAPPA</b> ), Housing Benefit Risk Assessment ( <b>HB</b> ), Careers Information ( <b>CIAG</b> ), 2015/16. Performance Investigation ( <b>SHR</b> ), 2016/17. Her Majesty's Inspectorate of Constabulary in Scotland, ( <b>HMICS</b> ), 2017/18. Children's Services Inspection ( <b>CSI</b> ), Careers Information Follow-up ( <b>CIAG F/U</b> ), Community Learning and Development ( <b>CLD</b> ), 2017/18.
<a href="#">Renfrewshire</a>	Housing Benefit Risk Assessment ( <b>HB</b> ), Multi-Agency Public Protection Arrangements ( <b>MAPPA</b> ), 2015/16. Best Value Assurance Report ( <b>BVAR</b> ), 2016/17. Adult Services Inspection ( <b>ASI</b> ), Community Learning and Development ( <b>CLD</b> ), 2017/18.
<a href="#">Scottish Borders</a>	Housing Benefit Risk Assessment ( <b>HB</b> ), Additional annual audit work ( <b>AAA</b> ), 2014/15. Multi-Agency Public Protection Arrangements ( <b>MAPPA</b> ), Careers Information ( <b>CIAG</b> ), Community Planning Partnership Audit ( <b>CPP</b> ), Children's Services Inspection ( <b>CSI</b> ), 2015/16. Her Majesty's Fire Services Inspectorate ( <b>HMFSI</b> ), Adult Services Inspection ( <b>ASI</b> ), 2016/17. Careers Information Follow-up ( <b>CIAG F/U</b> ), Education Psychology Service Validated Self Evaluation Follow-up ( <b>EPS VSE</b> ), Housing Benefit Risk Assessment ( <b>HB</b> ), Community Learning and Development ( <b>CLD</b> ), 2017/18.
<a href="#">Shetland Islands</a>	Adult Services Inspection ( <b>ASI</b> ), Children's Services Inspection ( <b>CSI</b> ), 2014/15. Multi-Agency Public Protection Arrangements ( <b>MAPPA</b> ), Careers Information ( <b>CIAG</b> ), Housing Benefit Risk Assessment ( <b>HB</b> ), 2015/16. Education Psychology Service Validated Self Evaluation Follow-up ( <b>EPS VSE</b> ), Housing Benefit Risk Assessment ( <b>HB</b> ), 2017/18.
<a href="#">South Ayrshire</a>	Validated Self-Evaluation ( <b>VSE</b> ), Best Value Follow-up ( <b>BV F/U</b> ), 2014/15. Multi-Agency Public Protection Arrangements ( <b>MAPPA</b> ), Best Value ( <b>BV</b> ), 2015/16. Her Majesty's Fire Services Inspectorate ( <b>HMFSI</b> ), Best Value ( <b>BV</b> ), Children's Services Inspection ( <b>CSI</b> ), 2016/17. Careers Information Follow-up ( <b>CIAG F/U</b> ), Children's Services Inspection progress review ( <b>CSI</b> ), 2017/18.
<a href="#">South Lanarkshire</a>	Children's Services Inspection ( <b>CSI</b> ), 2014/15. Multi-Agency Public Protection Arrangements ( <b>MAPPA</b> ), Adult Services Inspection ( <b>ASI</b> ), 2015/16. Housing Benefit Risk Assessment ( <b>HB</b> ), 2016/17.
<a href="#">Stirling</a>	Validated Self-Evaluation ( <b>VSE</b> ), 2014/15. Multi-Agency Public Protection Arrangements ( <b>MAPPA</b> ), 2015/16. Housing Benefit Risk Assessment ( <b>HB</b> ), Education Psychology Service ( <b>EPS</b> ), Careers Information ( <b>CIAG</b> ), 2016/17. Education Psychology Service Validated Self Evaluation Follow-up ( <b>EPS VSE</b> ), Adult Services Inspection ( <b>ASI</b> ), Community Learning and Development ( <b>CLD</b> ), 2017/18.
<a href="#">West Dunbartonshire</a>	Multi-Agency Public Protection Arrangements ( <b>MAPPA</b> ), 2015/16. Children's Services Inspection ( <b>CSI</b> ), Careers Information ( <b>CIAG</b> ), 2016/17. Best Value Assurance Report ( <b>BVAR</b> ), Housing Benefit Risk Assessment ( <b>HB</b> ), 2017/18.
<a href="#">West Lothian</a>	Housing Benefit Risk Assessment ( <b>HB</b> ), Community Planning Partnership Audit ( <b>CPP</b> ), Skills Development Scotland ( <b>SDS</b> ), 2014/15. Multi-Agency Public Protection Arrangements ( <b>MAPPA</b> ), Education Psychology Service ( <b>EPS</b> ), Community Planning Partnership Audit ( <b>CPP</b> ), Her Majesty's Fire Services Inspectorate ( <b>HMFSI</b> ), 2015/16. Children's Services Inspection ( <b>CSI</b> ), 2016/17. Best Value Assurance Report ( <b>BVAR</b> ), 2017/18.



**MEETING: 12 APRIL 2018**

**REPORT BY: DIRECTOR OF PERFORMANCE AUDIT AND BEST VALUE**

**HOW COUNCILS WORK SERIES – 2018/19 PUBLICATION**

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**Purpose**

1. This paper invites the Commission to select an appropriate topic for a report on the *How Councils Work* series to be published during 2018/19.

**Background**

2. In 2009, the Commission agreed to the first reports in a new series – later named *How Councils Work* (HCW). Produced under the Commission’s powers to conduct comparative studies, the reports are not directed at individual audited bodies, but are intended to achieve broad impact across local government.
3. At the Commission meeting on 8th March 2018, the Secretary submitted a report that set out responses to the consultation on its planned work for 2017/18 – 21/22 and sought approval of the programme. Following discussion, the Commission agreed:
  - to the scheduling of a report in its HCW series in 2018/19, with further consideration to be given to an appropriate subject in this regard.
  - to this end, that I report in early course on proposals.
  - to defer proposed scheduling of a HCW report in 2019/20 until the Commission considers the refresh of the work programme for 2019/20.

**The objectives for the HCW series**

4. HCW reports are distinctive, in that they are not designed to report on, or to follow, specific audit work. Instead the aim is to use intelligence and existing audit evidence to repeat and/or amplify the Commission’s messages in key areas, to stimulate change and to help improve performance across all councils.
5. The selection of topics so far has been based on the recurring themes and issues from Best Value audit work, evidence from annual audits and ‘current issues’ reports, and the strategic issues contained in the annual overview reports. While material is mainly drawn from existing audit work, on recent occasions this has been supplemented with new audit work and other information. This has proved to be quite resource intensive with some risk that the distinctiveness and thrust of the HCW reports is blurred or lost.
6. Increasingly the reports have been structured in a way which aims to support elected members in councils in providing constructive challenge and scrutiny. Feedback from councils is positive about the HCW series, and download numbers are healthy.
7. During discussions at the Commission meeting in March, members expressed an interest in reviewing this aspect of the Commission’s output, in the context of a broader strategic discussion on the work programme and products, the role of the Commission in relation to improvement and other matters.

8. The seven reports issued since 2010 have covered a range of topics.

Topic	Date issued
Roles and working relationships in councils ( <i>update report</i> )	November 2016
Options appraisal	March 2014
Charging for services	October 2013
Managing performance	October 2012
Using cost information to improve performance	May 2012
Arm's-length external organisations	June 2011
Roles and working relationship	August 2010

### Options for a HCW report in 2018/19

9. In considering topics that provide the Commission with options for a HCW publication in 2018/19, I have taken account of a number of factors:

- The context noted above, of a future discussion or review that may impact on the style or purpose of these reports;
- The Commission's strategic priorities and the views and interests consistently expressed by members during discussions and when agreeing findings;
- The review of the first tranche of Assurance Reports under the new approach to auditing Best Value and the first Annual Audit Assurance and Risks report;
- Issues that have arisen in audit work over recent months and those featuring in current issues reports to the FAA committee;
- Monitoring of public sector audit risks and cluster work briefings;
- The time factors involved and availability of appropriate staff resources

10. These factors suggest that this project should be relatively short and sharp in nature and focussed on relatively solid ground for the Commission where there has consistently been interest amongst members. It would also be a benefit to cover ground that is of core interest to audit, links to the elected member role and is relevant to the public.

11. I have provided the following four suggestions for consideration by the Commission:

- Public accountability and reporting

The Commission has consistently sought to prioritise the issue of accountability in local government, especially in response to customers and citizens as is required in Best Value, but also in relation to openness and transparency (such as in managing reducing budgets). Members also have a deep interest in the impact councils have in their communities, both of place and of interest, and this has been heightened by the requirements of the Community Empowerment Act. These interests are reflected in two of the Commission's current strategic audit priorities, namely:

- How well councils are involving citizens in decisions about services and empowering local communities to identify and help deliver services they need.
- The quality of councils' reporting of their performance to enhance accountability to citizens and communities.

Public accountability and reporting covers an enormous amount for ground and some more scoping work would be required to focus attention. This would be assisted by members' discussion at this meeting. However, public performance reporting is an area in the Statutory Guidance for Best Value<sup>1</sup> that has remained fresh and relevant in terms of the language and principles, and is likely to continue to feature highly in any refreshed guidance emerging from the recent review. In terms of councils' performance, evidence from Best Value audit work indicates this is an area that continues to have considerable scope for improvement in council practice – especially in relation to the comprehensiveness and accessibility of performance information, and in particular the balance between information on success and achievements, versus areas where performance is in need of improvement. These issues are always worth emphasising and can be done relatively easily. Expanding into areas relating to community empowerment may be more complex and resource demanding, but would signal the Commission's awareness that the context for councils continues to develop and change. The issues of public accountability and reporting are of course also relevant to the Commission's consideration of the next SPI direction later this year, so could be designed to complement that exercise.

- Principles of effective scrutiny

Scrutiny has consistently been of interest to the Commission and has featured in the majority of Best Value reports in recent years. When considering the new approach to Best Value, the Commission recognised that the Statutory Guidance on Best Value made little reference to scrutiny except in relation to performance management. Unlike in England and Wales, where scrutiny requirements were prescribed in the BV legislation, scrutiny arrangements and practice have evolved in Scotland over the years. It does however, remain an important feature of how councils conduct their business, and has key links to the role of elected members, improvement, and responding to customers and citizens. It also links to a number of examples of political discord that have featured in critical BV reports for a number of councils.

A report in this area would be less about describing the variety of ways in which scrutiny operates across councils, but would focus more on the key features and principles that lie behind effective scrutiny. My staff have well established good relations with the UK wide Centre for Public Scrutiny and we could draw on its expertise. However, members should note that the Improvement Service drafted an as yet unpublished<sup>2</sup> paper on scrutiny last year. It aimed to cover quite an extensive area of ground and was targeted at elected members.

- Managing risks through internal controls

Members were reminded recently in considering the events at Dundee City Council, of the importance of, and potential limitations of, internal controls in managing finance and resources in local government. It is obviously traditional ground for audit to occupy, but as such, qualifies as an area that is justified in repeating and amplifying key messages. A report in this area could also be scoped to extend the principles of internal controls and accountabilities beyond traditional areas of financial management towards broader applications, such as ensuring a focus on delivery and implementation of policies; scrutinising performance, standards and outcomes; or monitoring contract/service agreement compliance with providers outwith the council.

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<sup>1</sup> Statutory Guidance was issued following the Local Government in Scotland Act 2003

<sup>2</sup> At time of writing – March 2018

- Preparing for withdrawal from the European Union

The decision for the UK to leave the European Union will have an impact on councils. While the nature and extent of this is not yet known in detail, it is expected to be significant and the uncertainties for the future in themselves present a growing challenge for local government. This issue has been highlighted in both of the Commission's overview reports this year, including the risk to financial benefit (€940 million EU funding was allocated to Scotland for the period 2014-2020), and the contributions made by 19,000 other EU nationals employed in education, health and social care and public administration. The Commission has previously recognised the importance of councils being well prepared and having plans in place to mitigate negative impact where possible.

As a key public sector risk, we are monitoring this area closely, and work is taking place to support and guide local audit work so that we have increasing detail on how councils are responding. While there will be a number of councils making good preparations and using techniques such as scenario planning to manage risks and mitigate potential impact, others may well be influenced by the uncertainties and doing relatively little. A HCW paper, aimed at both council officers but also elected members, could be an important wake up call for some and a clear signal to the public of the Commission's awareness of the significance of this issue.

### **Next steps**

12. Following the Commission's discussion and selection of a preferred topic, I will arrange for more detailed scoping to be done, informed by engagement with appropriate stakeholders, including the Improvement Service. I will then submit a further paper that includes firmer objectives and timescales.

### **Conclusion**

13. The Commission is invited to consider this report and to:
  - a) indicate its preference for the HCW topic to be published during 2018/19
  - b) note that I will provide a detailed project scope in due course, including objectives and timescale.

**Fraser McKinlay**  
**Director of Performance Audit and Best Value**  
**3 April 2018**

**MEETING: 12 APRIL 2018**

**REPORT BY: ASSISTANT DIRECTOR (APPOINTMENTS AND ASSURANCE)**

**REVISED FORM OF INDEPENDENT AUDITOR'S REPORTS**

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### **Purpose**

1. The purpose of this paper is to seek the Commission's approval for the revised form of independent auditor's reports in respect of local authorities, local authority pension funds and section 106 charities from 2017/18.

### **Background**

2. The audit certificate placed on local authority annual accounts by appointed auditors is required by the Local Government (Scotland) Act 1973 to be 'in such form as the Commission may direct'. The certificate is based on the format set out in international standard on auditing (ISA) 700 on independent auditor's reports. ISA 700 was revised in 2016 and sets out a refreshed structure and wording for the report from 2017/18.
3. The Financial Reporting Council (FRC) issued illustrative examples of independent auditor's reports under the revised ISA 700 for companies in the private sector. We have prepared model reports for local authorities in Scotland that are based on the FRC illustrations but tailored to reflect public sector legislation and augmented by specific reporting requirements of the Commission.
4. In April 2017, the Commission approved a two year transition to the revised ISA 700 so that aspects would be adopted in the 2016/17 model reports. This was on the basis that a separate paper would be provided seeking approval for model reports which fully complied with the revised ISA 700 from 2017/18.

### **Main differences from 2016/17**

5. The differences from the models used in 2016/17 are not significant. The main changes are:
  - References have been added to the going concern basis of accounting. This is a requirement of the revised ISA 700 but has less relevance in the public sector where the accounting is virtually always on the basis that the body is a going concern (that is, there is an assumption that the functions of the local authority will continue in operational existence for the foreseeable future). A reference has therefore been included in the model reports, but the wording has been tailored to reflect the public sector context.
  - The description of auditor's responsibilities has been rationalised, and a hyperlink has been added to a more detailed description on the FRC website (as permitted by ISA 700)
6. In addition, the adoption of the revised ISA 700 has necessitated a separate model for Aberdeen City Council. This council meets the definition in EU regulations of a 'public interest entity' by virtue of its issue of a listed bond. ISA 700 sets out additional reporting requirements for PIEs including the following:

- The most significant risks of material misstatement, and an explanation of how the auditor applied the concept of materiality. These areas are also reported for other local authorities but are included in the annual audit report rather than independent auditor's report.
- Information on the appointment of the auditor, and the date and period of appointment.
- An explanation of the extent to which the audit was considered capable of detecting irregularities.
- Declarations around non-audit services.

7. The following model reports are provided in the appendices to this paper

- Appendix 1 – model report for councils which prepare group accounts. There is also a separate model for councils that do not prepare group accounts and bodies within section 106 of the 1973 Act (e.g. integration joint boards, valuation joint boards, joint committees, regional transport partnerships etc). The only difference from the model in Appendix 1 is that references to 'the group' do not appear, and therefore the latter model has not been replicated in this paper.
- Appendix 2 – model report for Aberdeen City Council.
- Appendix 3 – model report for local authority pension funds.
- Appendix 4 – registered charities falling with section 106 of the 1973 Act that prepare their accounts on an accrued basis. There is also a separate model for charities preparing their accounts on a receipts and payments basis. Again the wording differences are minor and the latter has not been replicated in this paper.

8. The models have already been the subject of a consultation exercise with auditors and have been agreed subject to Commission approval. Once approved, the models will be provided to auditors in a technical guidance note. The models apply where the auditor's opinions are not qualified, which is generally the case. Guidance on necessary amendments where a qualification is required will also be included in the technical guidance note.

## **Conclusion**

9. The Commission is asked to approve the model independent auditor's reports for local authorities, local authority pension funds and section 106 charities.

**Elaine Boyd**  
**Assistant Director (Appointments and Assurance)**  
**3 April 2018**

## **Model independent auditor's report – councils**

### **Independent auditor's report to the members of [insert name of council] and the Accounts Commission**

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Accounts Commission, [I/we] do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

## **Report on the audit of the financial statements**

### **Opinion on financial statements**

[I/We] certify that [I/we] have audited the financial statements in the annual accounts of [insert name of council] and its group for the year ended 31 March 2018 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the [specify precisely the titles of the financial statements used by the council such as the group and council-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets, and Cash-Flow Statements, the council-only Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Council Tax Income Account, and the Non-domestic Rate Account, and any other disclosures presented as financial statements] and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the 2017/18 Code).

In [my/our] opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2017/18 Code of the state of affairs of the council and its group as at 31 March 2018 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2017/18 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

### **Basis for opinion**

[I/We] conducted [my/our] audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). [My/Our] responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of [my/our] report. [I am/We are] independent of the council and its group in accordance with the ethical requirements that are relevant to [my/our] audit of

the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and [I/we] have fulfilled [my/our] other ethical responsibilities in accordance with these requirements. [I/We] believe that the audit evidence [I/we] have obtained is sufficient and appropriate to provide a basis for [my/our] opinion.

### **Conclusions relating to going concern basis of accounting**

[I/We] have nothing to report in respect of the following matters in relation to which the ISAs (UK) require [me/us] to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the [insert job title of proper officer] has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Responsibilities of the [insert job title of proper officer] and [council or name of audit committee] for the financial statements**

As explained more fully in the Statement of Responsibilities, the [insert job title of proper officer] is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the [insert job title of proper officer] determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the [insert job title of proper officer] is responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The [council/name of audit committee] is responsible for overseeing the financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

[My/Our] objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes [my/our] opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website



[www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of [my/our] auditor's report.

### **Other information in the annual accounts**

The [insert job title of proper officer] is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and [my/our] auditor's report thereon. [My/Our] opinion on the financial statements does not cover the other information and [I/we] do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with [my/our] audit of the financial statements, [my/our] responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or [my/our] knowledge obtained in the audit or otherwise appears to be materially misstated. If [I/we] identify such material inconsistencies or apparent material misstatements, [I am/we are] required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work [I/we] have performed, [I/we] conclude that there is a material misstatement of this other information, [I am/we are] required to report that fact. [I/We] have nothing to report in this regard.

## **Report on other requirements**

### **Opinions on matters prescribed by the Accounts Commission**

In [my/our] opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In [my/our] opinion, based on the work undertaken in the course of the audit

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

### **Matters on which [I am/we are] required to report by exception**

[I am/We are] required by the Accounts Commission to report to you if, in [my/our] opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or

- [I/we] have not received all the information and explanations [I/we] require for [my/our] audit; or
- there has been a failure to achieve a prescribed financial objective.

[I/We] have nothing to report in respect of these matters.

[Signature]

[Name of individual auditor], (for and on behalf of [name of firm] - firms only)

[Full postal address] and [Full date]

## **Model independent auditor's report – Aberdeen City Council**

### **Independent auditor's report to the members of Aberdeen City Council and the Accounts Commission**

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Accounts Commission, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### **Report on the audit of the financial statements**

#### **Opinion on financial statements**

We certify that we have audited the financial statements in the annual accounts of Aberdeen City Council and its group for the year ended 31 March 2018 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the [specify precisely the titles of the financial statements used by the council such as the group and council-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets, and Cash-Flow Statements, the council-only Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Council Tax Income Account, and the Non-domestic Rate Account, and any other disclosures presented as financial statements] and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the 2017/18 Code).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2017/18 of the state of the affairs of the council and its group as at 31 March 2018 and of the income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2017/18 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

#### **Basis for opinion**

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on [insert date of appointment letter]. The period of total uninterrupted appointment including previous

renewals and reappointments of the firm is two years. We are independent of the council and its group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by the Ethical Standard were not provided to the council. [Indicate any services, in addition to the audit, which were provided by the firm to the council that have not been disclosed in the financial statements or elsewhere in the annual accounts.] We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

### **Conclusions relating to going concern basis of accounting**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the [insert job title of proper officer] has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the audit team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

*[Description of each key audit matter in accordance with ISA (UK) 701.]*

### **Our application of materiality**

*[Explanation of how the auditor applied the concept of materiality in planning and performing the audit. This is required to include the threshold used by the auditor as being materiality for the financial statements as a whole but may include other relevant disclosures.]*

### **An overview of the scope of our audit**

*[Overview of the scope of the audit, including an explanation of how the scope addressed each key audit matter and was influenced by the auditor's application of materiality.]*

## **Responsibilities of the Head of Finance and [council or name of audit committee] for the financial statements**

As explained more fully in the Statement of Responsibilities, the Head of Finance is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Head of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Head of Finance is responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The [council/name of audit committee] is responsible for overseeing the financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

[Insert explanation of the extent to which the audit was considered capable of detecting irregularities, including fraud.]

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Other information in the annual accounts**

The Head of Finance is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with our audit of the financial statements, our responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are

required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Report on other requirements

### **Opinions on matters prescribed by the Accounts Commission**

In our opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In [my/our] opinion, based on the work undertaken in the course of the audit

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

### **Matters on which we are required to report by exception**

We are required by the Accounts Commission to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the auditable part of the Remuneration Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit
- there has been a failure to achieve a prescribed financial objective.

We have nothing to report in respect of these matters.

[Signature]

[Name of individual auditor], for and on behalf of KPMG LLP

[Full postal address]

[Full date]

## **Model independent auditor's report – local government pension scheme pension funds**

### **Independent auditor's report to the members of [insert name of council] as administering authority for [insert name of each pension fund] and the Accounts Commission**

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Accounts Commission, [I/we] do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

## **Report on the audit of the financial statements**

### **Opinion on financial statements**

[I/We] certify that [I/we] have audited the financial statements in the annual report of [insert name of each pension fund] (the [fund/funds]) for the year ended 31 March 2018 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the [specify precisely the titles of the financial statements used by the council such as the Fund Account(s), the Net Assets Statement(s)] and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the 2017/18 Code).

In [my/our] opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2017/18 Code of the financial transactions of the [fund/funds] during the year ended 31 March 2018 and of the amount and disposition at that date of [its/their] assets and liabilities;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2017/18 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

### **Basis for opinion**

[I/We] conducted [my/our] audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). [My/Our] responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of [my/our] report. [I am/We are] independent of the [fund/funds] in accordance with the ethical requirements that are relevant to [my/our] audit of the financial statements in the UK including the Financial Reporting Council's Ethical

Standard, and [I/we] have fulfilled [my/our] other ethical responsibilities in accordance with these requirements. [I/We] believe that the audit evidence [I/we] have obtained is sufficient and appropriate to provide a basis for [my/our] opinion.

### **Conclusions relating to going concern basis of accounting**

[I/We] have nothing to report in respect of the following matters in relation to which the ISAs (UK) require [me/us] to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the [insert job title of proper officer] has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about [the fund's/funds'] ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Responsibilities of the [insert job title of proper officer] and [council/name of committee] for the financial statements**

As explained more fully in the Statement of Responsibilities, the [insert job title of proper officer] is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the [insert job title of proper officer] determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the [insert job title of proper officer] is responsible for assessing the [fund's/funds'] ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The [council/name of committee] is responsible for overseeing the financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

[My/Our] objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes [my/our] opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of [my/our] auditor's report.



## **Other information in the annual report**

The [insert job title of proper officer] is responsible for the other information in the annual report. The other information comprises the information other than the financial statements and [my/our] auditor's report thereon. [My/Our] opinion on the financial statements does not cover the other information and [I/we] do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with [my/our] audit of the financial statements, [my/our] responsibility is to read all the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or [my/our] knowledge obtained in the audit or otherwise appears to be materially misstated. If [I/we] identify such material inconsistencies or apparent material misstatements, [I am/we are] required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work [I/we] have performed, [I/we] conclude that there is a material misstatement of this other information, [I am/we are] required to report that fact. [I/We] have nothing to report in this regard.

## **Report on other requirements**

### **Opinions on matters prescribed by the Accounts Commission**

In [my/our] opinion, based on the work undertaken in the course of the audit

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003;
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016); and
- the information given in the Governance Compliance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with The Local Government Pension Scheme (Scotland) Regulations 2014.

### **Matters on which [I am/we are] required to report by exception**

[I am/We are] required by the Accounts Commission to report to you if, in [my/our] opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- [I/we] have not received all the information and explanations [I/we] require for [my/our] audit.

[I/We] have nothing to report in respect of these matters.

[Signature]

[Name of individual auditor], (for and on behalf of [name of firm] - firms only)

[Full postal address]

[Full date]

## **Model independent auditor's report – registered section 106 charities**

### **Independent auditor's report to the trustees of [insert name of charity/collective name of connected charities] and the Accounts Commission**

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Accounts Commission, [I/we] do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

## **Report on the audit of the financial statements**

### **Opinion on financial statements**

[I/We] certify that [I/we] have audited the financial statements in the statement of accounts of [insert name of charity/collective name of connected charities] for the year ended 31 March 2018 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the [specify precisely the titles of the financial statements used by the council for the charity such as the Statement of Financial Activities, the Balance Sheet] and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In [my/our] opinion the accompanying financial statements:

- give a true and fair view of the state of the affairs of the [charity/charities] as at 31 March 2017 and of [its/their] incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

### **Basis for opinion**

[I/We] conducted [my/our] audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). [My/Our] responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of [my/our] report. [I am/We are] independent of the [charity/charities] in accordance with the ethical requirements that are relevant to [my/our] audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standards for Auditors, and [I/we] have fulfilled [my/our] other ethical responsibilities in accordance with these requirements. [I/We] believe that the audit

evidence [I/we] have obtained is sufficient and appropriate to provide a basis for [my/our] opinion.

### **Conclusions relating to going concern basis of accounting**

[I/We] have nothing to report in respect of the following matters in relation to which the ISAs (UK) require [me/us] to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about ability of the [charity/charities] to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Responsibilities of the trustees for the financial statements**

As explained more fully in the Statement of Responsibilities [delete preceding phrase if no such statement included], the trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the [charity's/charities'] ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

### **Auditor's responsibilities for the audit of the financial statements**

[My/Our] objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes [my/our] opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of [my/our] auditor's report.

### **Other information in the statement of accounts**

The trustees are responsible for the other information in the statement of accounts. The other information comprises the information other than the financial statements and [my/our] auditor's report thereon. [My/Our] opinion on the financial statements does not

cover the other information and [I/we] do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission or required by applicable law to the extent explicitly stated later in this report.

In connection with [my/our] audit of the financial statements, [my/our] responsibility is to read all the other information in the statement of accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or [my/our] knowledge obtained in the audit or otherwise appears to be materially misstated. If [I/we] identify such material inconsistencies or apparent material misstatements, [I am/we are] required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work [I/we] have performed, [I/we] conclude that there is a material misstatement of this other information, [I am/we are] required to report that fact. [I/We] have nothing to report in this regard.

## Report on other requirements

### **Opinion on matter prescribed by the Accounts Commission**

In [my/our] opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Charities SORP (FRS 102).

### **Matters on which [I am/we are] required to report by exception**

[I am/We are] required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in [my/our] opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- [I/we] have not received all the information and explanations [I/we] require for [my/our] audit.

[I/We] have nothing to report in respect of these matters.

[Signature]

[Name of individual auditor], (for and on behalf of [name of firm] - firms only)

[Full postal address]

[Full date]

[insert name of auditor] is eligible to act as an auditor in terms of [insert either section 1212 of the Companies Act 2006 (for applicable firms)/Part VII of the Local Government (Scotland) Act 1973 (for Audit Scotland staff and firms where auditor is not eligible under the Companies Act)]